

GOVERNMENT OF INDIA
ADMINISTRATIVE REFORMS COMMISSION

R E P O R T
O F
T H E W O R K I N G G R O U P
ON
P E R F O R M A N C E B U D G E T I N G

April, 1967

2010
AR/PB/HC

Administrative Reforms
Commission, Sardar Patel
Shavan, Parliament Street,
New Delhi.

April 18, 1967.

Dear Shri Venkatappiah,

I have great pleasure in submitting herewith the unanimous Report of the Working Group on Performance Budgeting constituted by the Study Team on Budgetary Reforms, System of Expenditure Control and Procedures governing financial relations between the Centre and States.

2. I would like to avail myself of this opportunity of thanking all my colleagues in the Working Group for their unstinted help and cooperation in the studies undertaken.

Yours sincerely,

(N.S. Pandey)
Convenor

Shri B. Venkatappiah,
Chairman,
Study Team on Budgetary
Reforms, System of Expenditure
Control etc.,
Administrative Reforms Commission,
New Delhi.

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Contents

		<u>Page Nos.</u>
Introduction		1-6
Chapter I -	Performance Budgeting - The Concept.	7-14
Chapter II -	Desirability of Performance Budgeting in India.	15-30
Chapter III -	Introduction of Performance Budgeting in India - various considerations.	31-42
Chapter IV -	Form and Content of Performance Budgeting.	43-49
Chapter V -	Administrative and Accounting Implications.	50-72
Chapter VI -	Audit and Legislative Review.	73-77
Chapter VII -	Conclusions and Recommendations.	78—83
Appendix I -	Case Studies in the application of the technique of performance budgeting - Departments of Labour & Employment and Agriculture (Centre)	—
	A- Department of Labour & Employment	84-119
	B- Department of Agriculture.	120-163
Appendix II -	Proposed scheme of Minor Heads (Department of Agri- culture - 31-Agriculture)	164-170
Appendix III -	A - Demand structure under performance budgeting - an illustration.	171-176
	B - Budget Documents under Performance Budgeting.	

INTRODUCTION

The Study Team on Budgetary Reforms, System of Expenditure Control and Procedure governing financial relations between the Centre and the States set up by the Administrative Reforms Commission has been engaged inter-alia, on a consideration of the various methods through which budgetary reforms could be brought about in India to meet the present day needs. One of the suggestions considered in this connection is the desirability of introducing performance budgeting. Though there has been considerable discussion on the subject in and outside the country, the Study Team felt that the principles involved in the technique of performance budgeting and its applicability to Indian conditions should be examined in detail by a small Working Group to be set up for this purpose. Accordingly, at its meeting held on the 3rd August, 1966, a Working Group with the following Members was constituted by the Study Team:-

- (i) Shri N.S. Pandey (Convenor)
Administrative Reforms Commission.
- (ii) Shri J.C. Luther,
Administrative Reforms Commission.
- (iii) Shri A.G. Krishnan,
Ministry of Finance,
(Budget Division).
- (iv) Shri E.R.K. Menon,
Planning Commission,
Committee on Plan Projects,
(Development Administration Unit)

- (v) Shri S.S. Viswanathan,
Planning Commission,
Committee on Plan Projects,
(Development Administration Unit)
- (vi) Shri A. Premchand,
Planning Commission,
Committee on Plan Projects,
(Development Administration Unit).
- (vii) Dr. M.J.K. Thavaraj,*
Indian Institute of Public Administration

2. The terms of reference of the Working Group on Performance Budgeting are:

- "(i) to analyse and enunciate the principles underlying performance budgeting;
- (ii) to examine the applicability of these principles to government budgeting in India and, in this connection, to make an attempt to recast and reclassify, on the lines of a performance budget, the appropriations of a few selected organisations out of the Ministries of the Central Government and Public Enterprises; and
- (iii) to report on what practical steps and measures would need to be taken if performance budgeting were to be introduced in India and to make suggestions for meeting the difficulties, if any."

3. The first meeting of the Working Group was held on the 10th August 1966. This meeting was devoted to a preliminary consideration of the approach and strategy to be adopted by the Working Group. The Working Group felt that with a view to assessing the organisational, administrative and other implications of performance budgeting, case

*Except for the first meeting, Dr. Thavaraj could not be present as he had left for U.S.A.

studies in certain selected Ministries/organisations might be made in the first instance. It was decided for this purpose that a few organisations under the Central Departments of Agriculture and of Labour and Employment might be taken up. Subsequently, a number of meetings of the Working Group have been held and the Group or the individual members thereof have been meeting from time to time informally.

4. The case studies referred to above were conducted by Sarvashri E.R.K. Menon, S.S. Viswanathan and A.Premchand of the Development Administration Unit, Committee on Plan Projects, Planning Commission - all members of this Group. The organisations selected for this purpose are the Directorate of Extension and Training, the Exploratory Tubewells Organisation, the Delhi Milk Scheme and the Secretariat of the Department of Agriculture as also the Directorate General of Employment &Training and the Secretariat of the Department of Labour & Employment. The results of these studies and our recommendations thereon are contained in the following chapters and appendices.

5. The Working Group had the opportunity of discussing their studies, particularly the accounting aspects thereof, with the Study Team on the Role of Audit and Reforms in Accounts (a sister Study Team

set up by the Administrative Reforms Commission). As the studies made by the Working Group were confined to Central Departments and since the accounts heads were common to both the Centre and the States, it was considered necessary that the studies should be extended to the State level also so that the implications of the introduction of performance budgeting on the accounting and reporting system could be studied. This was considered specially important in view of the significant organisational and operational differences between the Centre and the States. Accordingly, some members of the Working Group undertook a tour to Madras, Bombay and later to Calcutta to make a study of the organisational, administrative, accounting, reporting and other aspects of the Department of Agriculture in three States. A note covering these aspects was submitted to and discussed with the said Study Team. The views on accounting aspects as contained in this Report reflect the results of the studies at the State level as well.

6. Due to the paucity of time, the Working Group could not go into the question of performance budgeting for public enterprises which also, under our terms of reference, we were required to study. Such a study may have to be undertaken at a suitable time. It may, however, be mentioned here that the Government

of India, Department of Economic Affairs, have in pursuance of the recommendations of the Estimates Committee (20th, 60th and 73rd Reports), issued orders in June, 1961 regarding the preparation and submission of performance-cum-programme statements and business type budgets by undertakings in the public sector. Prime-facie, the public sector undertakings may easily lend themselves to budget formulation on a performance basis. However, in the absence of a detailed study of the question, the Working Group is not in a position to make any recommendations in this respect.

Scope of the Report

7. This Report consists of seven chapters. The first two chapters are devoted to a consideration of the various aspects of the theory and technique of performance budgeting including historical perspective, the features of the Indian budgetary system, recent developments therein, its deficiencies in the present context of development, the factors that point to the need for reform and the desirability of performance budgeting in India. Chapters III and IV analyse the various aspects of introduction of performance budgeting in the Indian context, particularly the form and content thereof, while Chapters V and VI discuss the administrative and other practical aspects of its introduction in India. The conclusions

of the Working Group are contained in Chapter VII.

8. The Working Group is grateful to the officers and staff of the Departments of Agriculture and Labour & Employment at the Centre for their unstinted cooperation and help in conducting the case studies. It is also grateful to the officers of the Finance and Agriculture Departments of the Governments of Madras, Maharashtra and West Bengal, and the Accountants General of these States for their very willing co-operation and for the facilities provided. The Working Group wishes to express its gratitude to the Chairman and Members of the Study Team on the Role of Audit and Reforms in Accounts for the valuable guidance given to it in the course of its studies. It would also like to place on record its sense of gratitude to the Secretary, Administrative Reforms Commission for the keen interest he has been evincing in its work.

Acknowledgements

CHAPTER I

PERFORMANCE BUDGETING - THE CONCEPT

Historical Perspective

9. (i) The concept of performance budgeting had its origin in the U.S.A. Though a programme based budget was in existence in various forms and details in some metropolitan centres and a few States in the U.S.A., the concept, as understood now, got a major stimulus as a result of the First Hoover Commission's Report (1949). The Commission recognised that the most important thing in budgeting is the work to be done or the services to be rendered and how much that work or services will cost. They, therefore, recommended that "the whole budgetary concept of the Federal Government should be refashioned by the adoption of a budget based upon functions, activities and projects...." Following the Commission's recommendations, the Federal Government of U.S.A. decided to formulate its budget from 1951 on a performance basis. The application of the concept was further stressed in the Second Hoover Commission's Report (1955). Substantial progress has been made in U.S.A., since then. In the wake of its success in the U.S.A a few other developing countries have now adopted this technique, and many are in the process of considering its introduction.

(ii) It may be mentioned here that some ^{ne}

some distinction has been made in the past by the authorities on the subject between a programme budget and a performance budget, though the Hoover Commission did not seem to view them as different concepts. Recently, the U.N. Manual on Programme and Performance Budgeting has made a useful distinction between programme budgeting and performance budgeting. It seems that at the present stage of evolution of our budgetary system and the conditions prevalent in our country, it is not necessary for us to make any fine distinction between a programme budget and a performance budget. The term "performance budgeting" has, therefore, been used throughout this report to mean a programme and performance budget.

(iii) In this connection, it may also be mentioned in passing that recently a new programme budget (Planning - Programming - budgeting system) has been developed in the U.S.A., the purpose of which is to provide for more and better information for decision-makers at all levels of Government. It seeks to focus attention on alternative means to achieve carefully defined goals, specifying the full costs and benefits of each alternative, etc. Its special feature is the concept of long range planning and programming which is brought into the whole process of budget-making for the first time.

Developments
in India

10. In India, performance budgeting had its echo in 1954 during the debates in the Lok Sabha on the Finance Ministry's control over expenditure, when a plea was made in Parliament for the introduction of performance budgeting in our country too. Subsequently, the theme was taken up by the Speaker of the Lok Sabha in the course of his addresses to the annual conferences of the Presiding Officers. A notable development took place when the Estimates Committee of the Lok Sabha in its 20th Report (1958) suggested that performance budgeting should be the 'goal' and that a beginning might be made in a few selected Ministries and projects. The Government while noting the suggestion of the Committee, indicated that the possibility of introduction of performance budgeting was 'already under examination' and that the feasibility of the technique would depend upon the outcome of the examination. The Committee reiterated its suggestion in its 60th Report and expressed the hope 'that the 1960-61 budget would be a performance budget, partly if not wholly'. The point was stressed again by the Committee in its 73rd Report dealing with public sector undertakings. There-upon, the Government issued general orders of June 1961 drawing the attention of the administrative Ministries to the

recommendations of the Estimates Committee and asking
of
them to consider the issue/suitable instructions. However,
so far, no appreciable progress appears to have been
made in the matter. Recently, however, the Committee
on Plan Projects of the Planning Commission has under-
taken pioneering case studies on performance budgeting
under conditions obtaining here. A small cell within the
Development Administration Unit of the COPP has been
placed, inter-alia, incharge of these studies

11. Performance budgeting, as is generally
known, is essentially a technique of presenting
Government operations in terms of functions, pro-
grammes, activities and projects, Through such a
meaningful classification of transactions, govern-
mental activities are sought to be identified in
the budget in financial and physical terms so that
a proper relationship between inouts and outputs
could be established and performance assessed in
relation to costs. The focus in a performance
budget is basically different from that in
the existing budgets of the type we have. The two
differ both in their scope and content. Under
performance budgeting, emphasis is shifted from
the means of accomplishment to the accomplishments
themselves. It is primarily concerned with the ends
to be served by the Government rather than on the
money spent on the several objects. The
important thing under this technique is the precise

Concept of
Performance
Budgeting

definition of the work to be done or services to be rendered and a correct estimate of what that work or service will cost. A performance budget is prepared in terms of functional categories and their sub-division into programmes, activities and projects and not merely in terms of organisational units and the objects of expenditure. A performance budget thus developed in terms of costs and results facilitates management control by bringing out the programmes and accomplishments in financial and physical terms closely interwoven into one comprehensive document.

12. As already indicated, under the technique of performance budgeting, the whole gamut of governmental operations is divided into functions, programmes and activities/projects. A function represents a major division of the total efforts of the Government such as Education, Health, Agriculture etc. Programmes are broad categories within a function that identify the end-products or accomplishments towards the fulfilment of the objectives of a function and they broadly reflect the responsibilities of major organisational units. Activities constitute the collection of homogenous types of work in a programme, the purpose of which is to contribute to the accomplishments the end-products of the latter.

The term projects is generally used to distinguish such activities as are of a capital nature. To illustrate, education is a function, elementary education a programme, training of elementary teachers an activity and the construction of a school building, a project.

13. Three basic steps are envisaged in the introduction of a system of performance budgeting. These are:

- (a) establishing a meaningful functional, programme and activity classification of governmental operations;
- (b) bringing the system of accounting and financial management into accord with this classification; and
- (c) evolving suitable norms, yardsticks, work units of performance and unit costs, wherever possible under each programme and activity for their reporting and evaluation.

14 Broadly speaking, the main purposes sought to be served by performance budgeting are:

- (a) to correlate the physical and financial aspects of every programme or activity;
- (b) to improve budget formulation, review and decision-making at all levels of management in the government machinery;
- (c) to facilitate better appreciation and review by the Legislature;
- (d) to make possible more effective performance audit;
- (e) to measure progress towards long term objectives as envisaged in the Plan; and

(f) to bring annual budgets and developmental plans closely together through a common language.

15. As a technique, performance budgeting has its merits and advantages especially for countries having development plans inasmuch as it serves to bring together at one place the financial and physical aspects of each programme thus facilitating better programming, decision-making, review and control for the management and for a more intelligible presentation of governmental activities to the public and the Legislature. However, it provides no remedy for the administrative deficiencies in the budgeting process. It is at best only a tool to be properly and wisely made use of by a well-organised administrative set-up.

16. Performance budgeting has, it is contended; some limitations. The more important of them are briefly mentioned below:

- (a) Performance budgeting enables only a quantitative and financial evaluation of programmes and activities. It does not facilitate qualitative evaluation. This limitation is not, however, peculiar to this technique, since no budgetary technique can make qualitative evaluation possible. This is to be achieved through other appropriate devices.
- (b) Its usefulness is somewhat limited in respect of activities that are not measurable in any precise manner. It is true that performance budgeting may not be as effective in non-measurable fields such as research, police, law and order,

etc., as in developmental or construction areas where units of measurements are available. Nevertheless, even in such non-measureable areas, suitable bases can be developed to explain performance in a meaningful manner so that the effectiveness of the money spent may be known, though no value judgement is possible. At any rate, as a technique of presentation, it has its own advantages over the present system. (This aspect is further discussed in para 36(a)(i).)

- (c) The success of performance budgeting depends upon well-organised departments and agencies identifiable with programmes and activities. However, in practice, precise categories of functions and programmes corresponding to organisational units are rather difficult to achieve. A synchronisation of functions and programmes with organisations though desirable in the long run, is neither a precondition to nor an essential ingredient of a performance budgeting system.

CHAPTER II

DESIRABILITY OF PERFORMANCE BUDGETING IN INDIA

Our existing Budgets

17. The existing budgets we are having (hereafter referred to as the 'conventional budget') have been mainly designed to ensure legislative control and accounting scrutiny. The object is to ensure that funds are raised and money spent by specific authorities according to legislative sanctions. These conventional budgets are framed in terms of the various Ministries/Departments and the various organisations thereunder with expenditures broken down ultimately into the broad objects constituting the primary units of appropriation such as pay of officers, pay of establishment, allowances and honoraria, etc. Our budgets are conceived largely in financial terms and they emphasise the financial aspects and not so much the results of the proposed outlays. In other words, the conventional budget is accountability-oriented and it is intended to facilitate itemised financial control.

18. The budget is admittedly one of the chief instruments of fiscal and financial policy as well as the means through which the administration carries out its activities. Besides being the principal mechanism to provide for accountability to the legislature and the means for ensuring

financial control, the budget is, in the context of planned economic development, a principal device for the implementation of the programmes and projects set out in the plans, a vehicle for carrying out government policies and decisions, a tool for better management of governmental operations and the chief source of data that will facilitate decisions on fiscal and economic matters. Briefly, a budget has three important functions in administration.

- (a) It is a financial plan for realising the objectives of the department.
- (b) It is a means by which the approval of the legislature to the incurring of expenditure is obtained, and
- (c) It is the main instrument for ensuring financial accountability and control.

19. Having regard to the needs to be subserved by a budget in the context of the increasing volume and complexity of governmental spending, various improvements have been effected from time to time with a view to providing more and more useful information in the existing budget documents. Thus, we have quite useful material available in the Central Budget in the form of notes on Demands for Grants, notes on important schemes, annexure showing provisions for plan expenditure included in the Demands for Grants and broad details of important items of non-plan expenditure, etc. The notes on important

schemes give a fairly detailed account of the various aspects of certain programmes and schemes. Similarly, there is another document called "the Economic Classification of the Budget". This document facilitates an appreciation of the impact of governmental expenditure on the national economy, tells us about government's savings and investments, the incomes generated by the governmental activities, capital formation and such other related matters as are relevant for economic analysis. This enables a macro-economic analysis of Government transactions. Yet another important document brought out to supplement the main budget is the Explanatory Memorandum. All these have helped in providing more information in the budget and making it a very useful set of documents.

20. It is being increasingly recognised that the objective of a sound budgetary system in a planned economy should be to ensure the achievement of plan objectives. The concept of accountability has now acquired a broader connotation than is indicated in its conventional usage. In the context of planned economic development, accountability is not merely confined to ensuring that the amounts have been spent for the various purposes and within the limits laid down in the budget but extends also to ensuring that the expected results are

achieved. Thus, it has become necessary to ensure that the budget reflects the pattern of the Plan both in content and classification. The budget should help reveal what was proposed to be done during a year in terms of the work to be done, the output to be achieved or services to be provided as envisaged in the Plan and what has actually been achieved both in financial and physical terms. In other words, by having a common classification for both the Plan as well as the budget, the annual budget could be made an operational document for carrying out the Plan objectives.

21. It is in the above context that one has to assess the usefulness of the present budget and identify its deficiencies. No doubt, it is adequately suited to ensure financial and legal accountability, but its utility would be considerably enhanced if it gives a comprehensive picture of the total efforts of government in its functional fields, the economics of the activities, the results that flow from them and the relationship between inputs and outputs. The budget in its present form and presentation does not link the financial and physical aspects of programmes and activities nor does it provide adequate information on the effectiveness of the money spent on the several programmes and

Need for reforms

activities. It does not enable the public or the legislature to have a full grasp of all the activities of the government and judge its accomplishments in their proper perspective. The mass of details now furnished in the budget being diffused, it does not enable one to have an overall view of the financial and physical aspects of each programme, activity and the accomplishments thereunder. The conventional budget did not prove inadequate in the past when expenditures of limited magnitudes followed a set pattern. As mentioned earlier, such a system has not proved adequate to meet the growing demands made on it by the vastly increasing scope and complexity of governmental transactions. From the point of view of the Plan implementation, our budgets have failed to provide an adequate link between the financial outlays and physical targets, notwithstanding the growing amount of data now being supplied in the budget documents.

22. The brief survey made earlier indicates the demands made from time to time for the introduction of performance budgeting in India. However, no attempt seems to have been made for a comprehensive examination of the relevance and utility of the concept in the context of Indian institutional framework. It is, therefore, necessary

to consider the important issues bearing on the introduction of performance budgeting in our setting. This could be done in two ways -

(a) by considering the deficiencies in the existing system and the merits and advantages of the new techniques over the former, (this has been briefly covered in the earlier paragraphs) and (b) by a consideration of the various arguments against the introduction of the technique. The eventual conclusions, will, however, be based as much on the positive aspects, as on a consideration of the negative aspects.

23. As regards (b) above, the various doubts and misgivings may broadly be grouped as under:

- (i) Most of the purposes sought to be served by the technique of performance budgeting are being served by the planning process in some way and hence there is no need for performance budgeting.
- (ii) A good deal of data and information is being given on an increasing scale in the budgetary documents on the financial and physical aspects of various programmes and thus there is no need for performance budgeting.
- (iii) The financial accountability of the Executive to the Legislature will be impaired by the introduction of performance budgeting.
- (iv) A major part of the expenditure of some of the Central Departments such as Agriculture, Education, etc. consists in grants to the State Governments and, therefore, the performance thereof cannot be measured at the level of the Central Government.

- (v) Having regard to the institutional factors, a performance budget can, at best, be only supplementary to the existing budget and should in no case replace that. and
- (vi) The utility of performance budget may be greater in the context of the American type of relationships between the Executive and the Legislature as compared to our context in which the initiative in budgetary decision-making vests in the executive, the legislature being mainly concerned with approving or disapproving the policies formulated by the executive.

24. The Working Group has carefully examined these points and has come to the conclusions which follow. The first point made is that performance budgeting is largely a technique for planning, implementing and reporting both in financial and physical terms and that this is obtaining, in some measure, in our planning process. Prima facie, the contention seems to be an oversimplification both of the concept of performance budgeting as also of the virtues of the planning process. As indicated in the earlier paragraphs, the technique of performance budgeting is something more than a mere bridge between the financial and physical aspects of a programme. In so far as the planning process is concerned, the experience during the last decade or so has indicated the inadequacy of the link between the two. It is also observed that because of the absence of a

rapport between the financial and physical aspects of a programme, budgetary estimates were often either underpitched or overpitched with consequential impact on the allocation of resources. It had also, in turn, contributed in some measure to the gap between the physical targets and financial outlays. Thus, while programmes, targets, outlays, etc., exist in the planning process, there is a lacuna in the existing system in that there is no well-organised operational framework. To the extent that such a frame-work would be supplied by performance budgeting, it would be greatly strengthening the existing planning process.

25. Secondly, it is contended that progressively more and more information about the various aspects, including the physical, of the programmes and projects is being given in the budgetary documents. It will be admitted that the Explanatory Memorandum, Notes on Important Schemes furnished in the Demands for Grants, the Economic Survey and the Economic Classification of the budget etc have been providing a good deal of material which was not hitherto there. While these developments have been in the right direction, it is to be recognised that unless these somewhat disjointed efforts are coordinated and brought

into a well-knit, purposeful and cohesive whole at one place, they are not likely to be of much help either in the formulation of programmes or in the evaluation of performance. It has thus to be seen that though there were various developments, welcome in themselves, yet, in the absence of a comprehensive scheme for budgetary reform and also because they were often the result of attempts at meeting the requirements from different quarters, they tended to be diffused and were thus inadequate.

26. The third argument appears to be based on the erroneous impression that under performance budgeting, as emphasis is shifted to programmes and activities and their cost, financial accountability will be affected for want of line-item appropriation by organisations and departments. This fear is not well-founded, as under the form and technique of performance budgeting envisaged by the Working Group, the departments and organisations would retain their identity and the demands will continue to be in terms of objects of expenditure, (i.e. units of appropriation) under the several programmes/activities of the organisations/departments. Therefore, financial accountability is not diluted; on the contrary, the more important aspect of accountability for results

will also be secured.

27. The fourth contention relates to the nature of the expenditure of the Central Government. Outside Defence, a major part of the expenditure is incurred by the Ministries of Industry, Agriculture, Education etc. In the case of the Ministry of Industry, a sizeable element of expenditure is in the form of loans and investments in the share capital of public sector undertakings, while in the case of Agriculture and Education, the bulk of expenditure is in the form of grants and loans to the States. It is contended that it would be difficult to evaluate the results out of such loans and grants through the Central budget. It may be conceded that this poses some limitations. The manner in which this difficulty may be met is discussed in Chapter IV.

It is, however, a matter of detail regarding the form and content of performance budgeting rather than the principle of performance budgeting.

28. (i) The fifth argument mentioned above relates to the form in which a performance budget is to be presented. It is, however, implicit in the argument that what is being questioned is not so much the desirability of performance budgeting as the form thereof. The

Performance
budget as a
Supplementary
Document

form of performance budgeting that would fit in within our framework, as envisaged by the Working Group, is considered in the following chapters.

(ii) The question posed, however, is whether it should be a supplementary document to the conventional budget or should replace it. In support of the former plea, it is argued firstly that it may not be desirable to change an established practice and secondly that it would not be possible to prepare a performance budget within the period of three months that now forms the crucial period during which the budget is finalised and presented. The Working Group has given careful consideration to these aspects and is of the opinion that it would not be sufficient to have the performance budget document as a supplementary one to the existing set of documents, as in that case it will not have any impact whatsoever on the existing system. For one thing, the performance budget is being evolved to overcome the deficiencies in the existing budgetary process and framework and not to supplement it. The idea of a supplementary document in such a context would inevitably mean the continuation of the existing procedures, financial practices, accounting classification, etc., with their inadequacies. Indeed, if performance budgeting is not made an

integral part of the budgetary process, but only an additional exercise, unconnected with the main process, the advantages that are expected of it would not materialize. Secondly, performance budget is not merely a matter of form, it represents a change in concepts that has significant effects on the approach to the budget and the decision-making practices. The form is only the culminating point of the various processes towards better management and control. The form of the document has no special significance apart from the presentation effect. The performance budget as a supplementary document would be somewhat of a fifth wheel to the coach. The appropriate method in the circumstances would be to adapt, evolve and introduce performance budgeting in such a way that it would fit in with our conditions and mitigate the transitional difficulties involved in the switchover, while continuing, at the same time, to serve the purposes expected of it. This can be done if a phased programme of conversion is drawn up and extensive as well as intensive training arranged at all levels.

As would be seen from the next chapter, performance budget of the type we envisage does not displace the existing documents enmasse. It will, however, call for a re-casting of the

existing budget documents as briefly explained in Appendix III-B.

29. The Working Group has also carefully considered the aspect whether it would be practicable to prepare a performance budget within the period of three months referred to above. In our planning process, both the implementation of programmes and the evolving of new ones are a continuous process throughout the year. Thus, in a way, budgeting would also be an all-the-year round process with the final stage of consolidation being reached in the period referred to above. Moreover, even under the present system, the administrative departments and organisations are enjoined upon to forward their budget proposals quite early in the financial year, say beginning with July. Information on programmes, activities, targets, achievements and other work-load data will be available continuously all through the year through a performance reporting system. The Working Group, therefore, feels that a performance budget can be compiled and consolidated during the same span of time as now.

30. Regarding the last point, it may be pointed out that the need for performance budgeting does not hinge on the executive-legislature relationship. Apart from the reasons analysed

above, performance budgeting is needed more than ever, for integrating the Plan and budgeting process, for building up an internal edifice of the financial outlays and accomplishment for each administrative agency, for quantification of the results from governmental outlays, for enabling a more purposive audit and parliamentary review and control and thus serving as a window, so to say, to every citizen of the country on the governmental activities.

31. The Working Group is of the opinion that the introduction of performance budgeting should not be limited to the Central Government only. The budgets of the State Governments may not have undergone some of the major developments that have become a feature of the Central Budget during recent years. Except for the additional volume on Plan schemes and the changes in accounting that took place in 1962 - which were common to the State Governments as well- there would not appear to have been any significant developments in many States towards making the budget an effective tool for developmental planning. Even in respect of the Plan volume, there have been problems, pointed out more than once by the Central Public Accounts Committee, arising out of an absence of Plan-budget link. For this, as well as

Applicability to States

for the reasons mentioned earlier, which have an equal applicability to the States, it would appear necessary that performance budgeting be introduced in the States also along with the Centre.

Cost-benefit analysis and performance budgeting

32. The Working Group would like to refer to another aspect of performance budgeting here. A plea has been often advanced that cost-benefit analysis, related investment and programme planning and evaluation should be treated as an integral part of performance budgeting. While not denying either the merits or the need for such analysis, the Working Group would like to make a distinction between what is basically administrative planning and the purely budgetary process. In the context of our planning, some measure of investment and programme planning is undertaken in the formulation of a plan, and the role of a budget is directed, in the main, to annualising these programmes and providing the requisite funds. The performance budget as visualised by us comes handy, appropriately at this stage, in building up the requirements of funds and drawing up a work plan for the year. We believe that cost-benefit analysis, investment planning and evaluation are really an integral part of the administrative planning process, which, however, is a necessary adjunct to the formulation and

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appraisal of programmes and activities in the annual budgetary decision-making.

CHAPTER III

INTRODUCTION OF PERFORMANCE BUDGETING IN INDIA - VARIOUS CONSIDERATIONS

33. Some of the broad features of the concept, technique and utility of performance budgeting have been discussed in the preceding chapter. The Working Group is conscious that since the technique of performance budgeting had its origin in the U.S.A. where the institutional framework is different from that in India, our approach to the subject should be conditioned by the institutional framework-constitutional, socio-economic and administrative- obtaining here. We are also conscious of the fact that in adopting performance budgeting, something more than a mere adjustment of procedures is involved. The technique of performance budgeting represents a change with significant incidental effects on the approach to the budgeting system and the decision-making practices employed at each level of executive management. Also, it is realised that the adoption and successful working of the new technique would involve the development of trained manpower, improved financial management practices, proper motivation and, last but not the least, financial resources. In the following paragraphs, an attempt is made to

deal with some of the pre-requisites and other related aspects that are vitally connected with the introduction of performance budgeting in our set-up.

34. As has already been mentioned, one of the important steps to be taken for the installation of performance budgeting is the development of a classification system on functional lines in terms of programmes, activities and projects. In this connection a point that needs to be borne in mind is that a strictly functional classification may often cut across organisational lines. Activities and schemes under a given programme as also the programmes under a given function may often be executed by more than one department or organisation. In other words, it is difficult to find in actual practice, departments and organizations synchronising with functions and programmes. Though it would be ideal for management purposes if several functions of the departments and organisations are clearly segregated and the programmes and activities identified with individual agencies and units, the continuance of the status-quo in respect of administrative set up and arrangements need not be open to serious objection. In fact, it has been recognised that though a number of organisations may contribute to an individual

Functional classification and organisational pattern

service or function of Government, this does not imply that departmental responsibilities should be changed to conform to functional categories. For technical and other administrative reasons, it may often be necessary that one programme is executed by different agencies functioning under different departments. For the sake of functional classification alone, it may not be desirable to disturb the existing administrative arrangements. Therefore, while conceding that a functional classification requires an identification of departments and organisations with programmes and activities, we feel that satisfactory arrangements, under the existing set-up can be evolved without detracting from the purposes sought to be achieved by a performance budgeting approach.

Towards this purpose, it would be adequate if administrative arrangements could be made for the proper classification of the programmes and activities under the several organisations/departments for the identification of responsibilities and for suitable reporting and the analysis of performance data.

35. The Working Group realises that as a corollary to the adoption of performance budgeting, steps should be taken in the course of time to evolve a regrouping of heads of account on a

functional basis. The extent to which such a functional grouping at present obtains in India and the manner in which certain changes may be made therein along with certain practical aspects thereof are discussed in chapter V. The problems involved in having financial data in terms of programmes and activities in addition to the usual object classification are also discussed therein.

36. The more important pre-requisites considered by some to be necessary for the introduction of performance budgeting in India may be examined now with a view to seeing how far they obtain here or could be secured.

Pre-requisites
for the intro-
duction of
performance
budgeting in
India - some
aspects
considered

(a) (i) It is occasionally suggested that since performance budgeting involves the measurement of the end-products of a programme and activity, its utility will be doubtful in respect of a sizeable part of governmental operations where there are no end-products as such. Even in cases where the end-products can be identified and quantified, there appear to have been no systematic efforts at evolving work or performance units with a view to measuring the physical progress or accomplishments, except in such organisations as the Public Work Department, etc. It may, however, be mentioned

here that the idea of measuring workload is not altogether unknown in India. Apart from the PWD., the O & M Units of the Ministries and the Staff Inspection Unit (previously the special Reorganisation Unit) of the Ministry of Finance, etc. have been engaged for quite some time in evolving workload factors, indices and ratios in respect of manpower utilisation and related aspects and have been adopting the technique of work study, work measurement, etc. Such efforts have, however, been confined hitherto mainly to government operations of a purely administrative type e.g. a Ministry, Department office etc. It is the opinion of this Working Group that these studies can be carried further and suitable yardsticks/norms evolved in due course, for measuring the output and accomplishments in fields other than purely administrative which lend themselves to quantification in one way or the other.

(ii) It is relevant, at this stage, to consider another aspect of this question. There is a feeling that for purely administrative and maintenance activities of Government which form the bulk of expenditure, no measurement of results is possible. The Working Group has given careful consideration to this aspect and wishes to emphasise that physical measurement may be of

three types: (a) Measures of accomplishment showing the effect of the work and the achievement of objectives or programmes, (b) Measures of end-products reflecting the results of the work or output and (c) Measures of workload bringing out the volume of work or the volume of work and time or the volume, time and costs. In combination with data on the employment of labour, the time spent and the resources expended, etc., performance or work measurement or productivity ratios can be developed to show results in terms of units. The measures to be used or the performance ratios to be developed, depend upon the kind of work or end-products. In governmental operations of a routine and administrative type, measures of workload should be adequate. This may be supplemented by a correlation of time spent with costs involved.

(iii) As regards areas like research, law and order, foreign affairs, personnel affairs etc., it is often said that they do not lend themselves to any convenient measurements in the absence of specific end-products or results. While it will be unrealistic to attempt a quantification of their results with a view to forming a value judgement, it should, nevertheless, be possible to assess the outlays in comparison with the results obtained during the preceding year or in

terms of selective inputs, etc. Even in such areas, suitable methods for evaluation could be developed and financial requirements of such organisations presented in a more meaningful manner in terms of their activities supported by useful write-up of the work done by them and the changes in workload, etc. Also, such a presentation and attempt at relating the money spent with the work done will create an awareness on the part of the administrative agency of the work being done and help in generating a cost consciousness in them.

(b) It has been suggested that, for the success of performance budgeting there should be a system of advance programming on a long term basis of government operations. However, while it may be argued that for the bulk of governmental expenditure outside the Plan, no well-developed advance programming exists, this is not the case with our programmes of developmental expenditure which are formulated in the context of the 5-year plan. We are now having long term programming with annual break down indicating operational tasks, time schedules, targets and other aspects. The Working Group feels, therefore, that with greater emphasis now being placed on the annual Plan process, it should be possible to frame budgetary requests adequately supported by

by necessary administrative planning and projection into the future.

(e) (i) It has also been contended that under performance budgeting, the outlay shown in the budget for any programme or activity should represent the total cost thereof and that the same should be available at one place. As mentioned earlier, this could be possible only if all expenditures are classified on a functional basis irrespective of the departments or organisations incurring them. This does not, however, seem to be a feasible proposition at present. The Working Group feels, therefore, that it would be sufficient if the cost of a programme or activity is separately available in relation to the departments or organisations incurring them. For these reasons, it need not be considered a serious drawback if in the initial stages, the total cost of a programme or activity under a given function is not available at one place in the budget. (A detailed discussion on this as well as other accounting aspects is contained in chapter V.)

(ii) As regards the indication of total cost, a major point to be recognised is that under the existing cash accounting basis, the cost of a programme or activity shown in the budget may not represent the total cost of the same. It has

been recognised that, in the initial stages, accounts should not be unduly disturbed. Refinements such as accrual accounting, allocation of overheads like general administration and common services, etc., may also be deferred to a later stage. The introduction of performance budgeting elsewhere has not been made contingent on shift from cash to accrual basis. Moreover, the Working Group feels that the advantage to be gained by having total or full or accrued cost may not be commensurate with the cost and labour involved in a radical departure immediately from the long established accounting systems and practices. In fact, for a major part of governmental expenditures, cash basis of accounting may meet the requirements.

(d) Another point that has been mentioned as a pre-requisite for performance budgeting is that the budgeting and administrative authority of a programme must be the one and the same. To a large extent, such an identification has been rendered possible as a result of the recent enhanced delegation of powers and changes in the budgetary procedures. The Working Group feels that with the greater delegation of financial powers and the increasing association of the representatives of the administrative Ministry with the budgetary process, the state of affairs will increasingly

approximate to the ideal situation where the budgeting and administering agencies will be the one and the same. Also, if suitable norms and standards could be laid down in respect of a wider field of governmental activities as is inherent in performance budgeting and if the financial management skills could be developed in the administrative Ministries, they, with the aid of their financial advisers, will be able to formulate budgets in such a manner as to obviate the necessity of modification in a large measure by an outside agency, i.e. Finance Ministry. It is important that the administrative authority which is accountable for the results is fully taken into confidence in respect of its budget proposals.

(e) One of the important pre-requisites or steps for the introduction of performance budgeting relates to the evolving of necessary financial data through the accounting system in terms of programmes and activities. It has been pointed out that in the absence of such an accounting system, performance budgeting cannot be sustained. It is recognised that the existing accounting system would need to be modernised so as to meet the needs of performance budgeting. Towards making it more purposeful, certain proposals have been considered by the Working Group and these are discussed in Chapter V.

Reporting

(f) Another point stressed in this connection is the need to strengthen the reporting system. An adequate system of performance reporting is admittedly a necessary adjunct to performance budgeting. At present, reporting is mainly in financial terms in the context of and on the lines of budgetary appropriations. Such a financial reporting has been designed mainly to facilitate expenditure being kept within the voted amounts. In respect of major projects, however, reporting is generally more informative, and an attempt is also made to bring together the financial and physical aspects of a project or programme. The bias, however, continues to be predominantly financial and account-oriented in character. A progress report is an instrument that enables the higher levels to watch the implementation of schemes. Its purpose is two-fold, to enable the formulation of policy and programmes on the one hand and to facilitate appraisal on the other. With a view to relating financial progress with actual achievements, it is necessary that both the physical and financial aspects are interwoven into a single report against a background of time and cost and a projection into future commitments. Such a performance reporting at regular intervals is an indispensable

aid to performance budgeting and expenditure control. The Working Group, therefore, feels that a very much strengthened and reoriented reporting system will be an essential concomitant to the introduction of performance budgeting.

CHAPTER IV

FORM AND CONTENT OF PERFORMANCE BUDGETING

Form of performance budgeting

37. (i) One of the main tasks before the Working Group has been a consideration of the form and content of performance budgeting suitable to our conditions having regard to the well-accepted features and practices of our financial management system on the one hand, and having regard on the other, to the constraints such as the shortage of trained personnel and resources. Thus, while the basic principles and techniques as evolved elsewhere have been taken as the models, it has, in its application to be adapted to local conditions and requirements. The case studies conducted by the Working Group (Appendix I) illustrate the approach adopted in this matter. Broadly, the departments and organisations under the Government have been taken as they are and the objectives and functions of each department and organisation thereunder analysed. After their objectives have been enunciated, the programmes and activities of each department and organisation are identified. The financial requirements of the departments are then presented in terms of the programmes and activities of each organisation thereunder. In other words, a programme and activity classification

is made with reference to each department and organisation. In addition to the presentation of financial needs under programmes and activities, a table is also added giving the object classification. This is followed by a narrative explanation justifying the financial requirements under each activity. The narrative explanation will, inter-alia, provide all aspects of the activity including the targets, achievements, relevant work-load factors, performance ratios to the extent possible and comparative performance over the years. etc. This will, in short, be the

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The following may be added at the end of paragraph 37(i) on page 44

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A chart is also added at the end of this chapter showing the form of the budget as it is now obtaining and as it would be under a performance budget in respect of one organization under the Department of Agriculture, namely, the Delhi Milk Scheme. A case study of the Department of Agriculture appears in Appendix I - 'B' of this Report.

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and programme will not be available at one place in the budget. The Working Group feels that the overall position under a function or programme can be indicated by means of suitable tables to be incorporated for the purpose, either in the beginning of the budget document or in the

Explanatory Memorandum. The main performance budget mentioned above giving the financial and physical aspects of the programmes and activities will be accompanied by the Demands for Grants. The latter document will be more or less the same as now except for the modifications corresponding to those proposed to be made in the major and minor heads of account as also in the sub-heads. Appendix III-B to this report briefly indicates the differences between the documents under the existing approach and those under the new approach.

(iii) An illustration regarding the proposed accounting and budgetary structure is given in Appendix III-A. One feature that merits special mention is the simplification of the units of appropriation or the sub-heads. They are far too many now. Their number may be reduced as indicated in the Appendix without, in any way, diluting the control of expenditure.

38. As briefly touched upon in Chapter II, one important issue which this Working Group came across concerning the scope of performance budgeting, was the sizeable grants and loans given by the Centre to States on the one hand and by the States to the local bodies and Panchayati Raj Institutions etc on the other.

grants and
loans to
States etc.

The question is: to what extent the technique of performance budgeting could help in measuring and evaluating the results or end-products when the grants so given are spent by other administering units whose transactions are outside the purview of the budget of the donor authority. In so far as loans are concerned, they are given for specific purposes and are repayable. In the opinion of the Working Group, it may not be a serious limitation to the technique, if in respect of such loan transactions, the performance is not reflected in the budget of the giving agency. It will be enough if the loans are classified as such and a brief note added explaining the purposes sought to be achieved by them. It is to be recognised that these loans are given after careful consideration and on scrutiny of their merits and purposes. The expenditure defrayed out of these will be reflected in the budgets of the receiving units in terms of programmes and activities. In the federal structure of our government, an overall view of performance or accomplishment is possible only after taking into account the budgets of the central, state and other local governments. The results or end-products of the loans need not, therefore, be reflected in the accounts of the giving agency.

39. As regards grants, there are two types of them - Statutory and general purpose grants-in-aid (extended on the basis of the award of the Finance Commission and under proviso to Article 275(i) of the Constitution) and specific grants for plan and non-plan purposes. The specific purpose grants are given after careful assessment of the requests. We feel that if a suitable note is added in the budget explaining the purposes for which the grants are given and if this is supplemented by other administrative devices for obtaining regular periodical reports about performance from the receiving and spending agencies, the needs and requirements of the situation would be met. Moreover, their actual utilisation for the purposes for which the money was given is also ensured in audit. The Statutory Grants-in-aid in effect supplement the normal sources of revenue of the State Governments and to that extent, the performance arising therefrom cannot be separately identified from others. Therefore, after careful consideration of the various aspects, we feel that grants and loans may conveniently be shown as such and that no performance measurement or evaluation need be attempted in the budgets at the giving end. This is the case in the federal budget of the U.S.A. also.

Budgetary 40. The case studies conducted by the Working Group are in presentation of important respect of only a few organisations in the Central projects.

Government. They did not involve a performance analysis in respect of any project as such. The question would arise as to what should be done in respect of important projects. At present, for such projects, brief notes are given in the budget. It is the feeling of this Working Group that more information/ on a regular

pattern, relating to important projects should be given in the budget so that there could be a better appreciation of the targets and accomplishments. Most of such projects are to be found in the industry, power, irrigation, mines and metals and transport sectors. Some of these projects are managed or run by Government-owned autonomous corporations and bodies such as the companies registered under the Indian Companies Act 1956, and by autonomous boards like the Electricity boards, port trusts, etc. The notes at present furnish a write-up of a somewhat general nature on these bodies and corporations with no specific analytical data in respect of overall targets, total cost, annual phasing of the programmes and unit costs, time schedules and other aspects. The presentation of more data on the above lines would obviously be desirable.

41. The introduction of performance budgeting in the existing circumstances and at this stage of the development of our institutions and procedures may be attended with some initial difficulties. But, in our opinion, these difficulties should be capable of being resolved in a satisfactory manner, given the necessary motivation, resources and a spirit of co-operation. The benefits to be derived from the new technique should not be viewed in terms of costs involved, but have to be viewed in the larger

context of securing benefits resulting from more effective control, greater efficiency and all-around improvement in governmental operations. The conversion to performance budgeting has to be viewed as a major step towards the improvement of the budgeting structure with a view to better comprehensibility and towards making budget a programme-oriented document. Having regard to the significant changes involved, the installation process should, of necessity, be carried out in a phased manner. In the nature of things, the introduction of this technique has to be an evolutionary process to be developed and extended gradually over a number of years. As one writer has observed, "the performance budget process in government is not a destination, but a pilgrimage....."

CHAPTER -V

ADMINISTRATIVE AND ACCOUNTING IMPLICATIONS.

42. In this chapter, we deal with some of the administrative aspects and implications of the adoption of the technique of performance budgeting. As mentioned already, the introduction of performance budgeting requires the availability of trained personnel, financial discipline, regular and efficient system of recording and reporting of financial and physical data, efficient organisation, close co-ordination between different agencies, and above all, some amount of motivation as well. All these conditions or factors may not be always obtaining in every case to the desired extent. Therefore, the adoption of the technique in practice would require a somewhat cautious approach. The development of sound financial management practices must given due emphasis while considering a programme of conversion, for, however good the technique may be, it cannot be imposed upon an administrative and financial system not fully equipped for the purpose.

43. The basic objective of expenditure control all these years has been to limit actual expenditure within the amounts provided in the budget under the several heads and units. All the

reforms carried out in the past were mainly devoted to ensuring itemised control both at the budget formulation and execution stages. Measures have been taken from time to time in the past to vest more powers, autonomy and responsibility in the administrative ministries by the delegation of enhanced financial powers and by the establishment of suitably equipped finance and accounting cells to help them in financial management. The Working Group feels, however, that the system of expenditure control still remains largely accountability oriented. The growing volume and complexity of public expenditure in recent years, especially with the launching of the Plans, have necessitated a change in the nature and scope of expenditure control. The need for the maximisation of benefits by prudent and economical spending is now greater than ever before. Resources being always limited, their allocation among the several sectors of the economy, the determinations of inter-se priorities among sectors and among programmes within a sector, the selections of projects and schemes on the basis of an assessment of relative costs and benefits and the achievement of tasks in an activity or project according to the time and cost schedule through means of regular reporting

of financial and physical progress- all these have assumed importance. Expenditure control is thus wider in scope now and is no longer limited to ensuring expenditure within the limits of the approved appropriations, although such an objective is no less important in the process of budgetary execution.

44. What is stated above brings us to one of the important consequences of performance budgeting. Since a performance budget represents a financial and work plan in terms of programmes, activities and projects, their costs and results, targets and achievements, it is extremely helpful to the administrative authorities at all levels in regulating, supervising and controlling the work. The control of expenditure is rendered possible both in terms of the amounts expended and the money's worth that was produced as against what was programmed for. The data thrown up makes possible a more effective programme management. It also facilitates decision-making in a more organised and purposeful way at all levels. This would enable the administrative authorities to exercise better control aided by the fund of data and facts thrown up under performance budgeting.

45. Performance budgeting is, we would emphasise, essentially a management concept. It, therefore, requires appropriate delegation of authority and

responsibility to the operating agencies and the provision of the necessary tools to perform the job assigned to them. There should be a regular system of financial and work plans for approval, execution, reporting and the evaluation of schemes and projects. Towards that end, an adequate system of reporting and evaluation has to be developed to support performance budgeting. (This aspect has already been touched upon in the earlier chapters)

46. Already, there has been a change in the role and function of the Ministry of Finance in regard to the sanctioning of schemes and the incurring of expenditure etc. With the introduction of performance budgeting, there will be a change in the manner and process of scrutiny and a review of the budget proposals. Eventually, the control will come to be exercised by a systematic analysis of the intrinsic merits of each programme both by itself and vis-a-vis other competing programmes and on a review of the overall outlays involved in a programme in terms of its immediate and long term draft on the resources. The budget in such a situation would be the result of a consideration of the alternative programmes and proposals so reviewed and accepted. This purpose is, to some extent, served in our conditions by the present planning process. This necessarily implies that the raison-d' etre of some of the existing procedures

and practices such as the scrutiny of the new items of expenditure only would need a review. It would also imply that the budget review will now be undertaken with a functional and programmatic approach and in a more purposeful and integrated manner.

47. A very essential aspect that has to be borne in mind in connection with performance budgeting is the existence of a well-equipped finance and accounts cell in the administrative ministries and organisations which may eventually be entrusted with the responsibility of maintenance of accounts. At present, though there are finance or accounts cells in existence in the ministries, their adequacy and capability to meet the new situation and to deal with new problems will have to be considered. It will be necessary to give adequate training to the staff and to strengthen their organisation.

Changes in the accounting system

48. One of the basic steps for the installation of a performance budget is the development of timely financial data through the accounting system in terms of programmes and activities that will aid management at all levels in arriving at decisions in budget formulation, execution and review. In the absence of such an accounting system, the utility or successful working of

performance budgeting is liable to be affected. However, in considering the changes needed in the accounting system, one has to bear in mind the prevailing conditions and the financial and administrative consequences of any large scale dislocation in the accounting structure. The working group has, therefore, endeavoured to strike a balance between the essential requirements of performance budgeting and the need to keep the changes in the existing system at as low a level as possible.

49. (i) Under the financial management system in India, a common classification of account heads is adopted for the budget and the accounts. Though the establishment of a classification system on functional lines is desirable under performance budgeting, it is likely to give rise to certain problems in the existing circumstances. The existing organisation-cum-object basis of classification was evolved decades ago. This was primarily meant to subserve the purposes of accountability. The accounting structure which was, to a large extent, recast with effect from 1.4.1937 on the introduction of provincial autonomy, did remain largely unchanged

expenditures under the appropriate functional heads irrespective of the departments incurring them. However, for historical, technical and other administrative reasons, it has come about that one programme is sometimes executed by more than one agency each coming under a different department. It may not, therefore, be possible to

field of activities and to bring about a measure of refinement. An attempt at a functional regrouping of heads of account and their rationalisation was thus made during 1961-62. As a result of these changes the major heads of accounts, as existing now, generally signify broad functional areas such as agriculture, education, public health, etc. They primarily correspond to the major departments and incidentally to broad major functions of Government. However, in view of the organisation-cum-object basis of classification now obtaining, expenditure under an activity or programme which is controlled by more than one organisation or department is reflected under more than one major head in the revenue and capital divisions. As a consequence, expenditure on programmes and activities lie dispersed under several heads.

(ii) Ideally, it is desirable to bring together the total expenditure under a given programme or activity within a functional area and to evolve a system of classification that will permit all such expenditure to be available at one place in budget and accounts irrespective of the agency executing them. This is, however, not easy to achieve as it would involve large scale disturbances in the existing administrative and accounting arrangements. This would mean modifying the present principles of classification so as to permit the booking of

expenditures under the appropriate functional heads irrespective of the departments incurring them. However, for historical, technical and other administrative reasons, it has come about that one programme is sometimes executed by more than one agency each coming under a different department. It may not, therefore, be possible to bring about uniformity in this regard in all the States. Under the conditions of administrative set-up obtaining at the Centre and in the States, it would not be easy to bring about a synchronisation of functions and programmes with the organisations. Also, a strict functional classification will, unless followed by necessary administrative reorganisation of functions and responsibilities, give rise to problems of fund control and accountability.

50. Irrespective of these considerations, it is doubtful whether a functional grouping of an ideal type is essential at this stage of our development. It is to be noted that there is no well established and widely accepted functional classification. Indeed, the functional classifications as adopted by the U.S., the U.K. and the U.N. Manual Functional classification are materially at variance with each other. For example, 'defence' figures as a separate functional category in the U.S. classification. The same is included under the category 'Support of External Policy' in

Need of functional grouping

the U.K. while it is included in the category of 'General Services' in the U.N. manual. Health and welfare are shown as integral parts of 'Social Services' both in the U.N. Manual and in the U.K.; they are, however, treated as a distinct functional category in the U.S. In the same way, other functions of governments are treated differently. Thus, the pattern of functional classification, as may be evolved, will have to be necessarily conditioned by our requirements. Viewed from this angle, we already have a semi-functional classification of accounts and budgetary heads. In addition, there is a discernible function-cum-sectoral approach adopted for Plan purposes in the listing of heads of development. These two have served, no doubt, definite purposes so far. But the point to be considered is whether these classifications are adequate now. After careful consideration, the Working Group is of the opinion that the semi-functional classification system adopted for budget and accounts requires to be carried forward. For undertaking such a job of work due attention has to be paid to the need of evolving a classification system that can serve as a basis not merely for budget and accounts but for the purposes of Plan as well. We have, however, not ventured, in view of the time factor, to undertake such a classification ourselves. This classification

would need to be carried out at an early stage and we would recommend that this may be undertaken.

51. Some other aspects of this question may, however, be dealt with here. As already stated, it is not easy to think in terms of a complete functional classification so as to get all expenditure under a given function or programme at one place in the accounts and budget. However, certain steps can be taken which, while not disturbing the existing patterns of classification and presentation, would help in giving more meaning to the existing heads of account. Already, the major heads of accounts have been broadly grouped under sections more or less on a functional basis. Thus, for example, there are sections like 'collection of taxes, duties and other principal revenues', 'debt services', 'social and developmental services', etc. It is quite within the realm of feasibility to bring about minor adjustments in the scope of the sections so that they may correspond, as far as possible, to broad sectors or functional categories of the economy. This will also involve some rearrangements of the existing major heads with a view to putting them under the appropriate sections.

52. At present, there is, for instance, a section entitled 'Miscellaneous' under which we have such major heads as Famine Relief, Stationery and Printing, Opium and Forest.

Deficiencies in
the existing
account heads

Apparently, there is nothing in common among these services so as to call for being grouped together. They require to be transferred to appropriate functional groups or sections. Again, the existing major heads of account under 'Social and Developmental Services' may be distributed between two distinct sections, 'Social Services' and 'Economic Services'. Similarly, it may be advantageous to indicate all the devolutions, including grants to the Panchayats from the State Government, under a consolidated head. The changes suggested are, however, illustrative only. It should also be possible to assign major heads for some important departments which at present do not have a major head assigned to them. For example, family planning should deserve a separate major head to itself; so also fisheries, tourism, etc.

53. All this underscores the need for attention being paid to the existing major heads so that they could be modified in conformity with the overall purposes mentioned earlier and may also reflect some of the new functions of Government. As in the case of major heads, it would be necessary to

consider the requirements and changes relating to the minor and subordinate heads too. At present, the minor heads are not quite as well-knit as they should be. These minor heads and sub-heads thereunder have, over the years, grown in a somewhat complex and haphazard manner lacking both in objectivity and purposiveness. Some of them indicate an organisational basis, some are object-oriented, while others are scheme-oriented.

54. Some of the minor heads as organised now do not adequately fit into the changed conditions of today. With a view to considering the possibility of changing the minor heads so as to bring them in conformity with the requirements in view, the Working Group endeavoured to study, in addition to the Central Department of Agriculture, the accounting arrangements of the Department of Agriculture of three State Governments as well. An analysis and review of some of these aspects was also submitted to the Study Team on Accounts and Audit. It was observed from the Demands of the Agriculture Department (Revenue) of the three States visited i.e., Madras, Maharashtra and West Bengal, that there was not much of uniformity or rationale behind the classification of expenditures under the various schemes and activities. This is largely so probably because most of the minor heads have become out-moded and there has been no concerted attempt at

reorganising them, keeping in view the needs of the current situation.

55. As mentioned earlier, the logic or reason behind the classification of schemes and activities is not very apparent to the un-initiated. In Maharashtra, for example, schemes for the multiplication and distribution of improved seeds are classified under the minor head 'Subordinate and Expert Staff'. The same minor head covers such schemes as composting, trial-cum-demonstration farms, horticultural development, package programme for increasing groundnut, etc. Similarly, the minor head 'Agricultural Experiments and Research' at present embraces such diverse activities as the improvement of vegetables, the development of fruit production, the production and distribution of nuclear seeds of improved strains of food grain crops, plant protection schemes, intensive agricultural district programme, intensive cultivation of cotton etc. Again, in Madras, the programme for multiplication and distribution of improved seeds is booked under 'agricultural demonstrations and propaganda including public exhibitions and fairs'. Likewise, schemes for intensive agricultural district programme, sugarcane development, development of fruit production, plant protection and control of pests etc. also figure under the same minor head. The minor

head 'Agricultural Engineering' covers certain programmes which essentially belong to minor irrigation such as the installation of river pumping sets, sinking of artesain wells, etc. These illustrations indicate a certain lack of purposiveness in classifying expenditure and would also support the view that the existing minor heads are not fully adequate as instruments of financial data presentation to aid management in the control of their operations.

56. Yet another feature that was observed related to the booking of all Plan expenditure under a distinct minor head labelled 'development schemes' in Madras and West Bengal. There are, however, certain differences in the scope and ambit of this head in the two States. While in Madras, this head accommodates all the current plan expenditure, in West Bengal the head covers not only the expenditure under the current Plan but also the committed expenditure of earlier Plans. Thus in Madras, the moment a scheme ceases to be in the current Plan, the subsequent expenditure thereon gets booked under one or the other of the prescribed minor heads, whereas such expenditure continues to be exhibited under 'development schemes' for some years more in West Bengal. There is another point of difference.

In Madras, under this minor head, the regular minor heads appear as group heads under which a number of sub-heads are opened to accommodate various schemes, etc. The result is a somewhat diffused conglomeration of a number of Schemes. But in West Bengal, the schemes under this minor head are arranged according to groupings under various heads of development prescribed by the Planning Commission. The exhibition of Plan expenditure appears thus to be somewhat better in West Bengal. The Working Group is, however, of the opinion that an activity has to be viewed as a whole, not matter whether, a part of it is Plan or non-Plan and, therefore, both the Plan and non-Plan expenditure should be shown under the same minor head.

Proposed scheme of accounting changes

57. The Working Group feels that with suitable changes and modifications, the accounting system could be buttressed to serve the needs of administration. This would also be in keeping with the requirements of performance budgeting. The modified system could initially be applied in respect of one or two departments, say, the Deptt. of Agriculture, and in the light of the experience so gained, it may be considered for extended application to other major nation-building activities. The Working Group is, however, conscious of the need to keep the modifications and changes, as far as possible, to the minimum. With this end in view, some members of the

Working Group held intensive discussions with the accounts, finance and budget officials of the Department of Agriculture as also the Accountants General in the three States. In consultation with them and in the light of the requirements of the Department of Agriculture, a list of proposed minor heads under 31-Agriculture has been drawn up and may be seen at Appendix II-A to this report. Before these new minor heads were evolved, both the departmental officials and the Accountants General satisfied themselves that every item of expenditure or every scheme at present appearing under 31-Agriculture could be suitably accommodated under the relevant minor heads now proposed. There was general agreement on, and appreciation of, the proposed scheme of minor heads in view of the existing inconsistencies and deficiencies. A statement is added as Appendix IIB to bring out the changes and variations between the existing and proposed minor heads. It is hoped that these appendices read together will give fair idea of the proposed changes.

58. The studies of the Working Group have been, for various compulsions, particularly the time factor, limited to the Department of Agriculture of the States visited and that too to the main

Revenue Demand only. This Group envisages that these studies would be carried further with respect to the other Revenue Demands as well as capital budget including Loans and Advances of this Department. Similarly, such studies should be extended to other departments as well. The principles of classification should, it is suggested, be broadly the same as are enunciated here. The nomenclature of minor heads for similar programmes or activities should be the same, no matter under what major head the expenditure thereunder appears.

59. (i) Essentially, our approach envisages that one major head may be assigned to one department. The minor heads under a major head should broadly correspond to the main programmes of the department. They should be comprehensive and cover not only the present but future programmes also. The minor heads can be broken down into group heads, sub-group heads and sub-heads of account. In the case of the States, under a minor head (related to a programme), group heads can be opened reflecting activities i.e. collections of homogenous items of works or schemes. These group heads can be divided into sub-group heads to correspond to individual schemes or units. The objects of expenditure like the establishment charges, other charges, etc. would, as at present, form the primary units of appropriation, i.e. sub-heads of account. In the Centre, wherever organi

sations can be identified with major programmes (in view of the system of attached and subordinate offices) minor variations below the level of minor heads may be called for. For example, the directorates or organisations may form group-heads under the minor heads. Sub-group heads may then accommodate the various activities under the directorate or organisation. These may be as broad-based as possible. Both in the Centre and in the States, the minor heads will remain common as at present.

(ii) Another feature of the proposed scheme is that in respect of a programme represented by a minor head, the total expenditure, Plan as well as non-plan, will be available at one place as illustrated in Appendix IIIA. At present, no uniform practice is followed in this regard. In the Centre, for example, Plan expenditure is indicated separately in an annexure to the Demands for Grants. In a few States like Madras and West Bengal, however, the Plan expenditure is shown as a distinct minor head. There are other variants of the system of exhibiting Plan expenditure in the States. As mentioned earlier, the Working Group is of the opinion that it is desirable to show both the Plan and non-plan expenditure at one place under

each minor head in the Demands for Grants in the Centre as well as the States for purposes of uniformity and comparative study of performance.

60. It would, however, be seen that although, under the above scheme, the expenditure on schemes and activities will be available in its relevant place, the total expenditure under a given programme or activity for the government as a whole will not be available. This, as noted by us earlier, is primarily due to the fact that more than one agency or organisation controlled by different departments is concerned with the execution of the schemes with the result that the expenditure incurred by each such department or agency is reflected in its own budget and under its relevant heads of account. In the opinion of this working group, this need not be regarded as a serious lacuna so long as the expenditure under a given programme or activity is booked against the appropriate minor heads having the same nomenclature under the relevant major heads of account. Thus, for example, if minor irrigation schemes are carried out by the Cooperative Department also, the expenditure thereon may be booked below 34-Cooperation under the same minor head 'Minor Irrigation' as that under 31-Agriculture. The overall consolidated position can be given in suitable tables at the beginning of the budget document. Such a comprehensive table covering the same programmes/

activities under the various departments can bring together at one place the total expenditure under a given programme or activity whatever may be the departments concerned. A useful write-up may accompany such a financial statement to bring out the overall physical aspects of each programme. As already mentioned, a reorganisation of the accounting system on the lines indicated above would, apart from providing the much needed rapport, greatly facilitate the formulation, review, appraisal and evaluation of programmes and activities.

61. Another aspect that merits mention here is the basis of accounting. In our set up, accounting is on a cash basis. It is often contended that the adoption of an accrual system is necessary under performance budgeting. We have already referred to this aspect and said that accrual system is not a prerequisite to the adoption of performance budgeting. This is an area of refinement which may well wait till enough experience has been gained of the working of performance budgeting. For a major part of the Governmental transactions, cash basis can very well form the basis for the adoption of performance budgeting.

Linking of
heads of
development
under the Plan
with budget
and account
heads..

62. (i) It may be mentioned in this context that at present, there is a lack of correspondence between the heads of development followed under the Plan and the account heads followed in the budgets. The problem of achieving a satisfactory link between these two sets of classification has been engaging the attention of the Ministry of Finance, the Planning Commission and the Comptroller and Auditor General for quite some time now. As more than one agency or department is often in charge of the execution of schemes under a programme, the expenditure thereon appears dispersed under several major and minor heads in the budget and accounts. As a result, it has been found rather difficult to identify Plan schemes in the budget. As stated already, the procedure followed in exhibiting Plan expenditure also varies from State to State. The point has assumed importance in view of the recent decision to make the final adjustment of central assistance to States on the basis of audited figures of expenditure under the heads of development.

(ii) The Working Group has given careful consideration to this aspect of Plan-budget-inter-gation and is of the opinion that the problem can be successfully tackled only if changes both in the heads of account as discussed earlier and the heads of development and groupings of schemes thereunder

are brought about. The problem cannot be solved by amere change in the accounts heads. The working Group considers that the pattern of heads of development also would require to be carefully gone into with a view to examining the schemes or groups of schemes at present put under each head of development so that they may be rationally grouped together and arranged under meaningful categories. In this manner, the heads of development need to be recast so as to reflect collections of homogeneous groups of schemes. This may be done in such a manner that the heads of development and the groupings thereunder may correspond to the major or minor heads of account as proposed to be revised. In this connection the Working Group would like to point out that the new heads proposed depict the programmes/activities of a department or organisation. The heads of development have also been evolved to reflect major programmes or activities. Therefore, to the extent the minor heads are changed to correspond to activities, corresponding changes must necessarily be made in the heads of development also so that these may be properly correlated. It is, therefore, recommended that, as far as possible, the proposed major and minor heads should be considered for adoption for Plan purposes also. Rationalisation of the minor heads

to reflect the programmes of the departments, modifications and re-arrangements of major heads to correspond to departments and organisations as discussed earlier, a re-grouping of major heads under appropriate functional heads and a meaningful recasting of heads of development and groups of schemes thereunder to correspond to the new pattern of major and minor heads should eventually provide the base for a rapport between the Plan and the budget.

AUDIT AND LEGISLATIVE REVIEW.

Performance audit

63. One of the consequences of performance budgeting is the creation of a better frame-work for more effective audit. Audit, at present, is confined to ensuring that the expenditure incurred conforms to the relevant provisions of the Act, Constitution and of the Laws made thereunder, that the expenditure is in accordance with the financial rules and regulations framed by competent authority, that there is sanction accorded by competent authority authorising the expenditure, that there is provision of funds to meet a given expenditure duly authorised by a competent authority and that the expenditures shown as having been disbursed were legally available for and applicable to the services or purposes to which they have been applied or charged. It has also to be ensured in audit that the expenditure incurred is with due regard to the general principles of financial propriety.

64. In the context of the large scale activities of Government and the accent on planned economic development, there has been a large increase in the dimensions and complexities of public expenditure. In the present-day conditions, therefore, it is not enough that audit is conducted merely to ensure legality, regularity or propriety of individual

transactions. It has also to ensure that the expenditure results in achieving the performance expected from it and that it has been incurred efficiently and economically.

65. The Comptroller & Auditor General has been quite aware of the importance of such an efficiency or performance audit apart from audit of the conventional type. Several measures have been we understand introduced to strengthen such an audit. Performance budgeting facilities the task of such an efficiency-cum-performance audit and makes it more purposeful. Besides ensuring that the legal requirements have been compiled with, performance budgeting provides audit with opportunities to evaluate how well and how efficiently the executive agency or the management had performed its assigned responsibilities. Through a classification of governmental operations in terms of activities and programmes and the co-relation of financial and physical aspects of every activity duly supported by work-load indications, targeted programmes and physical accomplishments audit is enabled to conduct a systematic review towards the evaluation of executive performance.

66. As indicated earlier, performance budget would facilitate a better scrutiny

Parliamentary
scrutiny of
budget requests

and understanding by the Legislature. Some of the deficiencies of our conventional budgets have been referred to in Chapter II. As stated therein, though improvements have been made from time to time towards making the budget more informative by adding 'notes on important schemes' etc., a comprehensive picture of the activities is not available at one place in the budget. Relevant information has to be collected from different places such as the explanatory Memorandum, notes on important schemes and other data furnished in the different documents. It is obvious that a budgetary presentation, giving at one place all relevant aspects of the programmes and activities of a department, will be more helpful to the Legislature for purposes of scrutiny and approval. The merit of performance budgeting lies in facilitating a better review and appraisal of the performance of a department. Thus it strengthens rather than weakens the legislative control.

- Post budget review by Parliament
67. Under the constitution, the Comptroller & Auditor General submits his reports relating to the accounts to the President/Governor who causes them to be laid before the Parliament/Legislature. The accounts submitted to the Legislatures along with the audit reports embrace, besides the appropriation accounts, the whole of the accounts of the Union/States including the accounts of the receipts and of all transactions relating

to debt and remittance beads. These accounts bring out sum total of transactions and the actuals against budgeted amounts.

68. The post budget review by Parliament is facilitated by the Audit Reports of the Comptroller & Auditor General who is also actively associated with the proceedings of the Public Accounts Committee which scrutinises his reports. It is through the reports of the Comptroller and Auditor General and their subsequent examination by the Public Accounts Committee that the Legislature exercises a review of the expenditures incurred by the Executive out of the moneys voted by them. It is obvious that when the budget is framed and voted according to the activities and programmes with the promise of a certain performance or accomplishment for the money asked for, the Legislature should be enabled to judge better the actual performance of the Executive through the reports which bring out how far the Executive has been able to achieve the performance promised. So at the time of voting the subsequent year's budget requests the legislator becomes better equipped to analyse and ask questions regarding programme and expenditures. The members of the Legislature are not only interested in ensuring that

-: 77 :-

the appropriations voted are not exceeded; they are also interested in reviewing the performance of the administrative agencies in their various fields. This will be facilitated by performance budgeting and by a review of the operations through appropriation accounts, audit reports, etc.

Conclusions and Recommendations

69. Our budgetary system has not adequately responded to the demands made on it by the greatly increasing dimensions and complexities of governmental operations as a result of development planning. Having regard to the objectives of a budget and the need for reforms in the budgetary system so as to make it an effective instrument for the implementation of development plans, the technique of performance budgeting provides a method of budget formulation, presentation and execution which has definite potential advantages. We, therefore, commend its adoption. However, in view of the circumstances obtaining in our country, there will be certain problems of adaptation. Among these, mention may be made of the problems of accounting changes, the strengthening of administrative machinery, the improvements of methods and practices of financial management and the training and equipping of the various officials concerned. Having regard to these and the changes involved, the introduction of performance budgeting should be adapted to our conditions and requirements.

70. The Working Group does not envisage performance budgeting to be only an additional or supplementary document to the existing budget. As explained in

para 28, the benefits of the new concept would not be realised if it does not go to the roots and remedy some of the deficiencies in the existing procedures and practices. This will happen only if the new technique and system form an integral part of the budgetary structure. This, however, will not mean that the existing budgetary documents would be replaced by an entirely new set of documents. On the contrary, the existing documents would, in the main, continue, with such modifications as are indicated in Appendix III B. Under the approach as envisaged by us, the budget document will have two main constituents, one the Performance Budget proper and the other the Demands for Grants. The latter document as obtaining now will undergo some changes. There would be, for example, modifications corresponding to the changes in the major and minor heads of account as also in the primary units of appropriation. These modifications would help a better presentation of the performance aspects of government spending.

71. The following are some of the important practical steps to be taken in connection with the introduction of this technique:

- (a) The overall responsibility in the matter of introduction of ^{the} new technique should vest in the Finance Ministry and they should be assigned

the duty of planning and carrying out the process of conversion to the new system. The Unit working at present under the Committee on Plan Projects (Planning Commission) could provide the nucleus for building up a well-equipped organisation for this purpose.

(b) The important points to be considered are the choice of the departments or organisations where performance budgeting should be introduced first, their timing, the manner in which it should be phased and the extent of refinements and adaptations to be made. For reasons already explained and having regard to the limitations of the institutional framework obtaining in our country, the introduction of performance budgeting should, in our opinion, be an evolutionary process to be developed, refined and extended over a number of years. In such a process of phased application, priority should be given to departments or organisations directly involved in development programmes and activities. Or, alternatively, preference may be given to departments and organisations that spend the largest portion of the budget. Yet a third course open is to make conversion initially in certain organisations of each department and then gradually to extend the

system to the whole department. We feel that the best course would be to take up first those departments and organisations involved in development programmes, which account for a sizeable part of development expenditure in the Plan and the budget. The introduction of the new technique may be initially confined to two or three departments. To begin with, we recommend that performance budgeting may be introduced in one department at the Centre which deals exclusively with a Central subject, e.g. Post and Telegraphs Department, and in another department which is operating both at the Centre and in the States. In the latter case, it should be introduced both at the Centre and in the States. In the context of the overwhelming importance of agricultural programmes in the country, we would suggest that the Departments of Agriculture at the Centre and in the States might, for example, be considered in this connection. The experience which will be gained in the working of the new technique will be valuable in considering its extension to other organisations and departments. It will be useful to undertake a review of the progress made two to three years after the introduction of the experiment to facilitate such consideration.

(c) Once the decision to introduce performance

budgeting in selected departments or organisations is taken, steps should be taken to identify and analyse the objectives and functions of these departments or organisations on the lines required under performance budgeting and to develop descriptive accounts of the programmes and activities to meet presentation needs. This may preferably be done by a team of officers drawn, as far as possible, from the Ministry of Finance, the Administrative Ministries/Departments concerned and the Management and Administration Division of the Planning Commission. In so far as the accounting changes are concerned, these will need to be considered in close consultation with the Comptroller and Auditor General.

(d) In respect of those departments where conversion should initially take place, their administrative and financial management system covering the planning, programming, budgeting, reporting and evaluation should be strengthened with a view to adapting these to the requirements of performance budgeting.

(e) As a part of the training and education programme, the Ministry of Finance may arrange to prepare a comprehensive manual on performance budgeting covering the various issues and containing instructions of a practical nature for the guidance of those who will be connected with the budgetary

process as also the various other officers and staff at the Centre and in the States.

(f) The installation of a performance budget requires a minimum basis for review of the financial requirements under programmes and activities in terms of appropriate workload data and other indices. Therefore, in respect of the selected departments, studies should be conducted with a view to determining how far their activities are capable of being quantified. For this purpose, the most appropriate methods of developing workload indicators, work measurement units, unit costs and other performance norms should be evolved by the joint efforts of the representatives of the departments concerned and the Ministry of Finance, etc.

(N.S. Pandey)

(J.C. Luther)

(A.G. Krishnan)

(E.R.K. Menon)

(S.S. Viswanathan)

(A. Premchand)

APPENDIX I

CASE STUDY - A

DEPARTMENT OF LABOUR & EMPLOYMENT

PART I

EXTRACTS
FROM
THE EXISTING BUDGET
OF THE
DEPARTMENT OF LABOUR AND EMPLOYMENT
(SECRETARIAT AND DIRECTORATE GENERAL
OF EMPLOYMENT & TRAINING)

INTRODUCTORY NOTE

The Ministry of Labour, Employment and Rehabilitation was constituted on 24th January, 1966, by amalgamation of the former Ministry of Labour and Employment and the Ministry of Rehabilitation. The reconstituted Ministry is organised in two departments, one deals with the work relating to the Labour and Employment and the other with Rehabilitation work. There is also a Pay and Accounts Officer attached to the Department of Rehabilitation.

2. Six Demands are presented on behalf of the Ministry of Labour, Employment and Rehabilitation, five for expenditure met from Revenue and one for the Capital outlay.

3. The Ministry proper and the Chief Inspector of Mines each have a Demand. In addition there is a demand for the Expenditure relating to labour and employment measures including provision for Labour Tribunals.....Directorate General of Employment and Training and its organisation, National Employment Service and Training etc.....
.....
.....

X X X X X X X X

6. The total expenditure under the control of this Ministry is given below:

Budget
Estimate
1966-67

70-Ministry of Labour,
Employment & Rehabilitation

X X X X X X X X

72-Labour and Employment

X X X X X X X X

Total

7. Notes on Demands for Grants, a list of important items of non-Plan expenditure costing Rupees five lakhs and above included in the Budget for 1966-67 and notes on the schemes under the Ministry's control are given at the end of the volume.

D E M A N D N O . 7 0

MINISTRY OF LABOUR, EMPLOYMENT AND
REHABILITATION

1. Estimate of the amount required in the year ending 31st March, 1967 to defray the charges in respect of the Ministry of Labour, Employment and Rehabilitation.

Voted: Seventy Lakhs and Seventy-two Thousand Rupees

- II. Sub-Heads under which this Grant will be accounted for on behalf of the Ministry of Labour, Employment and Rehabilitation.

Actuals 1964-65	Budget Estimate 1965-66	Revised Estimate 1965-66	Budget Estimate 1966-67
Rs.	Rs.	Rs.	Rs.

Major Head "19"

A-Department of Labour and Employment:

- A1 Secretariat.
- A1(1)-Pay of Officers.
- A1(2)-Pay of Establishments.
- A1(3)-Allowances, Honoraria, etc.
- A1(4)-Other Charges
- A1(5)-Cost of Experts
- A1(6)-Lump provision for increase in Dearness Allowance.

Total-Secretariat

Total-Dept. of Labour and Employment:

X X X X

SCHEDULE I

This Demand includes Provision for Plan Expenditure on the following items:-

Actuals 1965-66	Budget Estimate 1965-66	Revised Estimate 1965-66	Budget Estimate 1966-67
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Major Head "19"

A-Department of Labour and Employment.

Al-Secretariat:

A1(1), Pay of Officers

A1(2)-Pay of Establishments

A1(3)-Allowances, Honoraria, etc.

A1(4)-Other Charges

Total-Department of Labour and Employment

SCHEDULE II

Details of provision made under "pay of Officers" and "Pay of Establishments"

Numbers		Budget	Budget
1965-1966		Estimates	Estimate
-66	-67	<u>1965-66</u>	<u>1966-67</u>
		Rs.	Rs.

Pay of Officers

2 2 Secretary

- 2 Additional Secretariats

5 4 Joint Secretaries
etc., etc.

x **x** **x** **x** **x**

DEMAND NO. 72
LABOUR AND EMPLOYMENT

- I. Estimate of the amount required in the year ending 31st March, 67 to defray the charges in respect of Labour and Employment.

Voted: Twelve Crores, Seventy-two lakhs and Nineteen thousand rupees.

Charged: Ten Thousand rupees

- II. Sub-Heads under which this Grant will be accounted for on behalf of the Ministry of Labour Employment and Rehabilitation.

Major Head "38"

x x x x x x	Actuals 1964-65	Budget Estimate 1965-66	Revised Estimate 1965-66	Budget Estima 1966-6
K-Employment and Training:				

K.I-Director General of

Employment and Training

K.1(1) Pay of officers.

K.1(2) Pay of Establishments:

K.1(3) Allowances, Honoraria, etc.

K.1(4) Other Charges

K.1(5) Local cost of foreign experts

Total- Director General, etc.

K.2-Central Training Institute
for instructors:

K.2(1) - Pay of officers.

K.2(2) - Pay of Establishments.

K.2(3) - Allowances, Honoraria, etc.

K.2(4) - Other charges.

K.2(5) - Purchase of equipment

K.2(6) - Trade Testing

K.2(7) - Material and equipment under
the Special Project Fund of
the U.N.O.

K.2(7)(1) - Incidental charges.

K.2(8) - Equipment under I.L.O.AID:

K.2(8)(1) - Incidental Charges

K.2(9)-Material and equipment under
T.C.A. programme:

	Actuals 1964-65	Budget Estimate 1965-66	Revised Estimate 1965-66	Budget Estimate 1966-67
--	--------------------	-------------------------------	--------------------------------	-------------------------------

- K.2(9)(1) - Incidental Charges
K.2(10) - Stipends
K.2(11) - Preliminary expenditure
in connection with the
Fourth Plan
- K.2(12)- - Equipment from United States
Agency for International
Development
- K.2(12)(1)- Incidental Charges
- Total - Central Training Institute
- K.3-National Council for Training
of Vocational Trades.
- K.4-National Employment Service and
Training:
- K.4(1)-Purchase of reserve stock
- K.4(2)-Mine Mechanisation Training
Institute
- K.4(3)-Inspection Staff of Mine
Mechanisation Institute
- Total-National Employment etc.
- K.5-Apprenticeship Training Scheme
- K.5(1)-Pay of officers
- K.5(2)-Pay of establishments
- K.5(3)Allowances, Honoraria, etc.
- K.5(4)-Other Charges.
- K.5(5)-Central Apprenticeship Council.
- Total-Apprenticeship, etc.
- K.6-Area manpower studies.
- K.7-Central Staff Training and
Research Institute.
- K.8-Central Institute for Research
and Training in Employment Service.
- K.8(1) - Pay of officers.
K.8(2) - Pay of establishments.
K.8(3) - Allowances, Honoraria, etc.
K.8(4) - Other Charges.
- Total- ~ Institute for Research etc.

Actuals 1964-65	Budget Estimate	Revised Estimate	Budget Estimat
<hr/>		1965-66	1966-67

K.9-Special Employment Exchange
for displaced persons.

- K.9(1)-Pay of officers
- K.9(2)-Pay of establishments
- K.9(3)-Allowances, Honoraria, etc.
- K.9(4)-Other Charges.

Total-Special Employment Exchange

K.10- Employment and Training Vocational Rehabilitation Centres.

K.11- Regional Directorates of Training

Total-Employment and Training.

SCHEDULE I

This Demand includes provision for Plan Expenditure on the following items:

Major Head "38"

x x x x x

	Actuals 1964-65	Budget Estimates 1965-66	Revised Estimates 1965-66	Budget Estimates 1966-67
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K.-Employment and Training:

K.1-Director General of Employment and Training

- K.1(1) - Pay of officers.
- K.1(2) - Pay of establishments
- K.1(3) - Allowances, Honoraria etc.
- K.1(5)-- Local cost of foreign experts.

Total - Director General of Employment and Training

K.2-Central Training Institutes for instructors

- K.2(1) - Pay of officers.
- K.2(2) - Pay of establishment.
- K.2(3) - Allowances, Honoraria, etc.
- K.2(4) - Other Charges.
- K.2(5) - Purchase of equipment.
- K.2(6) - Trade testing.
- K.2(7) - Material and equipment under the Special Project Fund of the U.N.O.

K.2(7)(1)-Incidental charges.

K.2(8)-Equipment under I.L.O. AID:

K.2(8)(1) Incidental charges.

K.2(9)-Material and equipment under T.C.A. programme:

K.2(9)(1)-Incidental charges.

K.2(10)-Stipends

K.2(11)-Preliminary expenditure in connection with Fourth Plan

K.2(12)-Equipment from United States Agency for International Development:

K.2(12)(1)-Incidental charges

Total-Training Institutes.

K.4-National Employment Service and Training:

Actuals 1964-65	Budget Estimates <u>1965-66</u>	Revised Estimates <u>1965-66</u>	Budget Estima 1966-6
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K.4(2)-Mine Mechanisation

Training Institute

K.4(3)-Inspection staff of Mine
Mechanisation Institute

Total-National Employment Service
and training.

K.5-Apprenticeship Training Scheme:

K.5(1) - Pay of officers.

K.5(2) - Pay of establishments.

K.5(3) - Allowances, Honoraria, etc.

K.5(4) - Other Charges.

Total - Apprenticeship, etc.

K.6-Area manpower studies

K.7-Central Staff Training and
Research Insitute

K.8-Central Insitute for Research
and Training in Employment Service

K.8(1) - Pay of officers.

K.8(2) - Pay of establishments

K.8(3) - Allowances, Honoraria, etc.

K.8(4) - Other Charges.

Total-Central Institure for Research
and Training in Employment Service.

K.9-Special Employment Exchange for
disposal persons:

K.9(1) - Pay of officers.

K.9(2) - Pay of establishments.

K.9(3) - Allowances, Honoraria etc.

K.9(4) - Other Charges.

Total - Employment Exchanges

K.10. - Employment and Training vocational
Rehabilitation Centres.

K.11. - Regional Directorate of Training.

Total -- Employment and Training.

x x x x x x

SCHEDULE II

Details of provisions made under "Pay of officers"

"Pay of establishments"

Numbers	1965-66	1966-67	PAY OF OFFICERS	Budget Estimate <u>65-66</u> Rs.	Budget Estimate <u>66-67</u> Rs.
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1	1	Director General and Joint Secretary etc., etc.	xx	xx	xx
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xx	xx	xx	xx	xx
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NOTES ON IMPORTANT SCHEMES

X X X X

CENTRAL TRAINING INSTITUTES FOR INSTRUCTORS

The Institutes are intended to improve the calibre of the Instructors/Staff of the Industrial Training Institutes and Institutions run by industrial establishments in the public and private sectors. At the end of the Second Plan, there were four institute situated at Kampur, New Delhi, Calcutta and Bombay, with a capacity of 686 seats. The recurring expenditure on these seats is outside the Third Plan.

The Third Plan envisaged opening of three new Institutes at Madras, Ludhiana and Hyderabad and expansion of the total capacity in all the Institutes to 1, 932 seats. This target has been achieved. To strengthen the programme, foreign assistance has been secured in terms of equipment and experts from U.N. Special Fund and U.S.A.I.D. The monetary allotment under the Third Plan is Rs. 450 lakhs, which includes Rs. 296.40 lakhs on development of land and construction of buildings. The expenditure on construction of buildings is controlled by the Ministry of Works and Housing. The entire balance of monetary allotment of Rs. 153.60 is likely to be expanded by 1965-66.

The Fourth Plan envisages expansion of the capacity in all the existing Institutes by 1,172 seats of which 660 seats have been sanctioned to be

introduced from October, 1965 as advance action of Fourth
Fourth Plan.

A provision of Rs. 65 lakhs under Plan
and of Rs. 50 lakhs under Non-Plan has been made
in the Budget Estimates for 1966-67 for purchase
of equipment and machinery and for recurring
expenditure, raw materials, etc.

CRAFTSMEN TRAINING SCHEMES

These schemes are intended to train
craftsmen in engineering and non-engineering trades.
Prior to the commencement of the Third Plan there
were 163 Industrial Training Institutes with a total
seating capacity of 42,685. The recurring expenditure
on these schemes is outside the Third Plan.

The Third Plan envisaged the introduction of
58,846 seats by setting up 156 new Industrial Training
Institutes and also by expanding the existing Institutes.
By the end of October, 1965, 181 new Industrial Training
Institutes have been set up. The total seating capacity
of the 344 Industrial Training Institutes (including
those existing at the end of Second Plan) was 1,04,398.

APPENDIX I

CASE STUDY - A

DEPARTMENT OF LABOUR & EMPLOYMENT

PART II

PROPOSED BUDGET
OF THE
DEPARTMENT OF LABOUR & EMPLOYMENT
UNDER
PERFORMANCE BUDGETING

C O N T E N T S

A-Performance Budget

- (i) Introductory notes.
- (ii) Objectives and Functions.
- (iii) List of Organisations.
- (iv) Statement showing Plan, budget outlays by important programmes/activities.
- (v) Financial Requirements and Performance analysis of the Organisations.
 - (a) Secretariat
 - (b) Directorate General of Employment & Training.
 - etc. etc. etc.

B-Economic Classification of the Budget.

C-Demands for Grants.

A-Performance Budget

(i) Introductory Note

The Ministry of Labour, Employment and Rehabilitation was constituted on the 24th January, 1966 by amalgamation of the former Ministry of Labour and Employment and Ministry of Rehabilitation. The reconstituted Ministry is organised in two departments, one dealing with the work relating to Labour and Employment and the other with the Rehabilitation work. The objectives of the Department of Labour and Employment are briefly given in section (ii).

2. A list of organisations under the Department of Labour and Employment is given in section (iii).

3. The major programmes and activities of the Deptt., the provision in the annual Plan and the corresponding provisions in the budget are given in section (iv). This ^{is} intended to facilitate Plan-budget correlation.

4. The financial requirements of the Department under each of organizations referred to in section (iii) are indicated in terms of their programmes and activities, supported by detailed explanatory narrations, work load factors, targets, accomplishments, etc. in section (v). In addition, the financial requirements in terms of the objects of expenditure constituting primary units of

appropriation are also given under each organisation.

5. The total expenditure under the control of this Department is given below:

(Rs. in lakhs)

Demand	Budget Estimates 1966-67
Revenue	1645.157
Capital	33,630
*Grants to States/ Union Territories.	743.793
*Loans and Advances.	73,870
Total	2496.45

*Demands under Ministry of Finance

(ii) Objectives and Functions

The Department of Labour and Employment is mainly concerned with subjects like welfare of labour, trade unions, industrial and labour disputes, factory labour and unemployment. It is responsible for laying down policy for the whole of India in such matters while implementation of the policy is the responsibility of the State Government concerned, subject to the control and direction of the Central Government. In respect of the labour employed in railways, major ports, mines and oil fields appearing in the Union list, however, the Centre carries full responsibility. The Department also participates in

international labour conferences and is concerned with the ratification of international labour conventions. It is also responsible for the employment and training of all categories of persons. The main programmes of the Department are as under:-

Industrial Relations
Wage Boards
Labour Welfare
Workers' Education
Research and Statistics
Labour Conferences
Employment & Training
General Services:

General Administration
Contributions and Loans
Other Special items.

The outlay under the above heads for 66-67 is given in section (iv).

These programmes are carried out by the administrative organisations listed in section (iii).

(iii) List of Organisations

- (i) Secretariat
- (ii) Directorate General of Employment and Training.
etc. etc.

(Note:- The various organisations, attached offices, etc. of the Department whose financial requirements are presented in the budget may be listed here).

(iv) Department of Labour and Employment (Centre)

Programmes & Activities; Plan and overall Budget provisions 1966-67 (Rs. in lakhs)

Programmes and Activities	Outlay proposed in the Annual Plan	Budget Provision(Plan)						Budget Provision (non-Plan)	Total Budget provision 1966-67 (Columns 8 to 9)
		Central Expenditure		Grants to States & Union Territories(Major head 74)	Grants to others	Loans to States & Union Territories	Total Plan Provision in the Territories		
		Revenue Capital	Expenditure						
1	2	3	4	6	7	8	9	10	
I. Industrial Relations									
Charged:		-	-	-	-	-	-	.100	.100
Voted:		-	-	-	-	-	-	35.567	35.567
								<u>35.667</u>	<u>35.667</u>
II. Wage Boards		-	-	-	-	-	-	9.492	9.492
III. Labour Welfare	44,630	15,911	13,310	-	1,343	-	30,564	222,080	252,594
IV. Workers' Education	10,000	-	-	-	10,000	-	10,000	50,440	60,440
V. Research & Statistics	16,650	9,879	-	1,500	-	-	11,379	18,184	29,563
VI. Labour Conferences	-	-	-	-	-	-	-	1,333	1,333
VII. Employment & Training	1346,000	70,064	13,010	730,950	-	-	314,024	338,161	1152,185

1	2	3	4	5	6	7	8	9	10
<u>III. General Services</u>									
1. General Administration	-	-	-	-	-	-	-	25.432	25.432
2. Contributions & Loans	18.000	-	18.000	-	-	-	18.000	87.008	105.008
3. Special items	-	-	-	-	-	-	-	824.536	824.636
	1435.280	95.854	44.320	732.450	11.342	-	883.967	1612.483	2496.450

Notes.

- (1) This statement covers only the activities of the Department of Labour and Employment at the Centre. To get an overall picture under a programme/activity taking into account the expenditures incurred by other departments such as P.W.D. etc., a consolidated review should be given at the beginning of the main Performance Budget by the Central Budgeting Agency.
- (2) This does not take into account special area Demands controlled by the Home Ministry.
- (3) In cases where columns 2 and 8 do not tally, suitable explanation for the variations should be given with a view to bringing about rapport between Plan and Budget.
- (4) This statement needs to be supported by a brief write up about the overall physical programmes and accomplishments under each programme indicated therein.

(v) Financial requirements and performance analysis of the organisations.

(in lakhs of Rs.)

(a) Secretariat. R.E.(65-66) 28.56
 B.E.(66-67) 32.69

Policy formulation, executive direction and General Administration.

The secretariat of the Department of labour and Employment with Secretary to Government as its administrative head is mainly concerned with policy formulation and executive direction. In addition, the house keeping operations and general administration form part of the work of the Secretariat. The particulars of the number of officers and staff in the Dept. of Labour and Employment (Excluding D.G.E&T) are given below:-

Particulars	1964-65	1965-66	1966-67	R E M A R K S
-------------	---------	---------	---------	---------------

(a) No: of officers as on 31st March	88	74	76	
(b) No. of staff as on 31st March	393	365	372	
(c) Total Secretariat (in lakhs of Rs.)	27.160	28.560	32.69	
(d) Total expenditure of the department	10,29,925	12,65,480	1344.265	
(e) % of (c) to (d)	2.6	2.3	2.4	

(b) Directorate General of Employment and Trainings
Programme and Performance

A: Authority, Scope and Objectives

The organisation of the Directorate General of Resettlement and Employment was created in 1945 for the resettlement of released war service personnel. The organisation was also entrusted with the task of administering the national employment service and the training of craftsmen and instructors to meet the growing demand for craftsmen in the country.

2. On the recommendation of the Training and Employment Service Organisation Committee (Shiva Rao Committee), the administration of the employment exchanges and training centres was transferred to States with effect from the 1st November 1956. The Directorate General is now responsible for the laying down of policies, procedures, standards and for overall coordination of employment and training programmes throughout the country. On the recommendations of the Estimates Committee (88th Report 1959-60), the organisation was redesignated as "Directorate General of Employment and Training".

In the matter of employment, the activities include the organisation of the national employment service for the purpose of placement, vocational guidance, employment counselling, collection and dissemination of information relating to the employment market on a continuing basis evolving aptitude tests for admission of

of trainees to the Industrial Training Institutes and ad hoc manpower studies and surveys. The Training Schemes are concerned with the training and supply of craftsman, crafts-instructors and apprentices. Special programmes are organised for the training of instructors required for both industry and institutes and also for giving part-time training to the existing workers. A start has also been made in the organisational programmes for the training of supervisors. In short, the objectives of the organisation can be stated as follows:-

1. Development of national employment services for fuller use of human resources,
2. Institution of training schemes to provide well trained skilled labour force for industries.

The work of the organisation and the activities under the above two programmes are indicated below:

1. Employment:

- i) Policy formulation and executive direction
- ii) Employment Exchanges
- iii) Employment assistance to displaced persons
- iv) Employment Research and Training
- v) Employment assistance to workers for coalfields, Iron ore mines (Labour Dept, Gorakhpur)
- vi) Employment studies
- vii) Vocational Rehabilitation Centres.

2. Training:

- i) Policy formulation and executive direction
- ii) Training of craftsmen

Central Sector

Mines Mechanisation
Training Institutes

State Sector

- a) Institutional (Industrial Training Institutes)
- b) Inplant (Apprentices)
- c) Training of craft Instructors
- d) Training of apprentices

The expenditure on the headquarters

organisation of the D.G. E&T and the Central Institutes for training and employment is borne entirely by the Government of India who is responsible for policy, procedures, evaluation, training of employment officers and instructors and trade tests. The entire provision for these activities is made in the central budget. The expenditure on Employment and Training Schemes in the States is shared between the Government of India and State Governments in the ratio of 60% to 40% respectively. The State Governments are responsible for day to day administration of field units. The Central share of this expenditure only is indicated in respect of such activities which are shared between the Central and State Governments.

The following are the financial recruitments of the organisation for the year 1966-67.

T A B L E I

B. FINANCIAL REQUIREMENTS FOR THE YEAR

1966-67

(Figures in Rs.)

Programme by Activities	Actuals (64-65)	B.E. (65-66)	R.E. (1965-66)	B.E. (1966-67)
1. Employment				
i) Policy formulation and executive direction			10,80,200	11,70,500
ii) Employment Exchanges			98,00,000	87,50,000
iii) Employment Research and Training			1,90,000	2,50,000
iv) Employment assistance to workers for coalfields, Iron Ore mines(labour Dept. Gorakhpur)			5,73,500	5,88,400
v) Employment assistance to displaced persons			69,200	89,900
vi) Employment studies			-	5,000
vii) Vocational Rehabilitation Centres			-	25,000
2. Training				
i) Policy formulation and executive direction			11,01,000	11,40,400
ii) Training of craftsmen				
<u>Central Sector</u>				
Mines Mechanisation Training Institutes			8,62,900	7,59,000
<u>State Sector</u>				
a) Institutional (Industrial) Training Institutes)				
b) Implant (Apprentices))			9,83,45,000	8,93,45,000
iii) Training of Craft-Instructors			80,87,100	1,15,17,900
iv) Training of apprentices			2,59,100	2,76,400
Total:	12,03,68,000		11,39,17,500	

Note: Actuals for 64-65 and B.E. for 65-66 could not be collected activitywise for want of time.

Object Classification	R.E.(1965-66)		B.E.(1966-67)	
	No.	Cost	No.	Cost
1. Establishment charges				
a) Officers	264	19,28,000	305	24,59,700
b) Staff	1711	40,67,400	1775	49,81,200
2. Travel		2,52,000		2,48,500
3. Equipment		32,22,100		50,60,500
4. Stipends		1,13,000		1,09,200
5. Trade Testing		19,500		22,100
6. Other charges		24,02,300		29,11,800
7. Preliminary expenditure on Fourth Plan		2,18,700		-
8. Vocational Rehabilitation Centres		-		25,000
Grants to States		10,81,45,000		9,80,95,000
		12,03,68,000		11,39,17,500

Sources of Financing:

Demand No.72:
 (Major head, "38")
 (Revenue) 1,22,28,000 1,58,22,500

Demand No.31 Major head "74" (Grants to States) 10,81,45,000 9,80,95,000
 12,03,68,000 11,39,17,500

<u>Recoveries</u>	R.E(1965-66)		B.E.(1966-67)	
	No.	Cost	No.	Cost
1) Recovery from the employers on account of Gorakhpur Labour		5,73,500		5,88,400
2) Recovery from Vocational Rehabilitation Admn. of U.S. Government.		-		25,000
Total:-		5,73,500		6,13,400

C. EXPLANATION OF FINANCIAL REQUIREMENTS

1. <u>EMPLOYMENT</u>	R.E. (65-66)	B.E. (66-67)
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i) Policy Formula-tion and execu-tive direction.	10,80,200	11,70,500
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The Directorate General is responsible for the laying down of policies, procedures, standards and for overall coordination of employment and training programmes throughout the country. The two main activities are Employment Service and Training. Some of the officers such as the Director of Employment Exchange, etc. are solely attending to the work of employment while officers such as the Director of Training, Deputy Directors of Training are attending to the work relating to training. Apart from these officers who are either attending to the work relating to the employment services or training, the Director General and secretariat staff under him are attending to the work of both employment and training. The pay and allowances of officers of the last group has been divided between these two programmes, Employment and Training, in the ratio of 30.70. The portion relating to "Employment" is shown under this activity.

ii) <u>Employment Exchanges</u>	R.E. (1965-66)	B.E. (1966-67)
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Central share of expenditure	98,00,000	87,50,000
------------------------------	-----------	-----------

The Fourth Plan envisages that the activities of manpower and employment schemes will be expanded and

improved upon.

(a) These figures represent 60% share of the Central Government on all Employment Schemes including State Headquarters in States except Union Territory Governments and Union Territories and Schemes under Third Plan which are exclusively financed by State Governments during Fourth Plan period.

Some of the relevant work indices are given below:

TABLE - II

	<u>1964-65</u> (As on 31st March, 1965)	<u>1965-66</u> (As on 31st March 1966)	<u>1966-67</u> (As on 30th Sep. 1966)
(a) Details of Exchanges			
1. Number of employment exchanges	344	351	370
2. University Employment Information & Guidance Bureau	29	37	37
3. Colliery Exchanges	7	7	7
4. Project Employment Exchanges	8	10	10
5. Special Employment	8	9	9
6. Employment Information and assistance Bureau in Development Blocks	199	202	202
(b) Performance of Exchanges			
1. Registration	38,03,185	39,42,698	x
2. Vacancies notified	9,23,296	9,30,306	x
3. Submission	36,30,898	37,39,544	x
4. Placements	5,51,927	5,69,148	x
(c) Working of Exchanges			
<u>Details of meetings</u>			
<u>Statewise and Exchangewise</u>			
(held by the special Committees appointed in various States to enquire into complaints from Employment seekers and to examine the fairness of the waiting in exchanges).			Information not available

(d) <u>Vocational Guidance and Employment Counselling</u>	<u>1964-65</u>	<u>1965-66</u>	<u>1966-67</u>
1. Number of sections established up to the end of the period.	133	166	x
2. Number of applications guided in groups.	4,30,802	4,59,530	x
3. Number of applications guided by individuals at the Employment Exchanges	14,457	18,194	x
4. Number of applicants who were given occupational information	1,98,718	2,30,392	x

x-Information will be available at the close of the year 1966-67

(ii) <u>Employment Research and Training</u>	<u>R.E</u> <u>(1965-66)</u>	<u>B.E</u> <u>(1966-67)</u>
	1,90,000	2,50,000

The expenditure is in respect of the Central Institute for Research and Training in Employment Service. The increase in the provision is due to an increase in number of training courses and the number of officers to be trained. Some of the work load data is given below:

TABLE - III

	<u>1964-65</u>	<u>1965-66</u>	<u>1966-67</u>
a. Number of training courses	2	6	7
b. Number of officers trained.	49	100	168
c. Number of studies in the field of research	N.A.	25	28

iv) <u>Employment Assistance to Displaced persons</u>	<u>R.E.</u> (65-66)	<u>B.E.</u> (66-67)
	69,200	39,900

The expenditure is in respect of Employment Exchanges for displaced persons from East Pakistan.

TABLE - IV

	<u>65-66</u>	<u>66-67</u>
1. Number of displaced persons registered	17,565	x
2. Vacancies notified	Not notified for E.P. Its only	
3. Placements	1,009	x
v) <u>Employment assistance to workers for coal-fields, Iron Ore Mines (Labour Depot, Gorakhpur)</u>	R.E. (65-66) 5,73,500	<u>B.E.</u> (66-67) 5,88,400

The expenditure is in respect of Gorakhpur Labour Depot and is recovered from the employers.

TABLE - V

	<u>65-66</u>	<u>66-67</u>
a. Number of workers recruited for employment in coalfields etc.	13,754	x
b. Amount of money remitted to the families of workers	1,35,30,425	x
c. Number of patients treated at the Hospital.	208	x

x - Information will be available only after the close of the year 1966-67.

vi) <u>Employment studies</u>	<u>65-66</u>	<u>66-67</u>
Number of studies made	4	6

The studies made during 1965-66/to (i) Employment related situation in India - a district wise analysis, (ii) Integrated

studies in Employment, Unemployment and Manpower Planning, (iii) occupational pattern and manpower requirements in fertiliser industry and (iv) report on occupational pattern of employees in the private sector.

The studies proposed to be made during 1966-67 include inter-alia (i) Coverage of gaps in employment market information March-June 1966, (ii) Improvement of statistics on employment in construction industry.

vii) <u>Vocational Rehabilitation Centres</u>	<u>R.E.</u> <u>(65-66)</u>	<u>B.E.</u> <u>(66-67)</u>
	-	25,000

The provision is in respect of two centres which are proposed to be set up at Bombay and Hyderabad with the assistance of the Rehabilitation Administration (U.S. Government) to assist the rehabilitation of physically handicapped persons.

2. TRAINING

i) <u>Policy formulation and executive direction</u>	<u>R.E.</u> <u>(65-66)</u>	<u>B.E.</u> <u>(66-67)</u>
	11,01,000	11,40,400

Please see the remarks under (i) policy formulation and executive direction under Employment. These figures represent the portion relation to Training.

ii) <u>Training of Craftsmen</u>	<u>R.E.</u> <u>(65-66)</u>	<u>B.E.</u> <u>(66-67)</u>
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Central Sector

a. Mines Mechanisation Training institutes	8,62,900	7,59,000
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State Sector

b. Central share of Expenditure on Craftsmen Training	9,83,45,000	8,93,45,000
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The Third Five Year Plan envisaged a large increase in the demand for craftsmen. By the end of the Second Plan period there were 163 Industrial Training Institutes with 42,685 training seats. The recurring expenditure on these is outside the Third Plan.

The Third Plan envisaged the addition of 58,846 seats by setting up 156 new Industrial Training Institutes and also by expanding the existing institutes. On 31st March 1966 the total number of Industrial Training Institutes was 357 with a total training capacity of 1,13,622.

The Fourth Plan envisages opening of 112 new Industrial Training Institutes with a capacity of 28,000. The existing institutes will be expanded by 72,000 additional seats.

(The figures under R.E. 65-66 and B.E. 66-67 represent 60% share of the Central Government on all the training schemes including State Headquarters in States except Union Territory Governments, Union Territories and Model Training Institutes attached to Central Training Institutes for Instructors.)

The larger provision for the year 1965-66 is due to the fact that for the last year of the Third Plan, the arrears of assistance for the Third Plan was paid. Relevant work load data is given below:

TABLE - VI.

	<u>1964-65</u> (At the end of March 1965)	<u>1965-66</u> (At the end of March, 1966)
a. Number of industrial training institutes	313	357
b. Number of engineering trades	29	29
e. Number of non-engineering trades.	22	22
f. Number of seats introduced in engineering trades	92696	108196
g. Number of seats introduced in non-engineering trades	5090	5426
h. Total number of seats in engineering and non-engineering trades	97786	113622
i. Number of trainees passed out	66405	38580

(There were two trade Tests in engineering trades in 1964-65)

<u>Total number of Craftsmen trained</u>	<u>1st Plan</u> 28,757	<u>2nd Plan</u> 57,100	<u>3rd Plan</u> 1,83,288
--	---------------------------	---------------------------	-----------------------------

<u>Total Cost (Central + State)</u>	Not available
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<u>Cost per Craftsmen</u>	Excluding the charges on account of non-recurring items of expenditure like the cost of buildings, tools, and equipment furniture, etc. this has been roughly worked out at Rs. 78.10 per month.
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<u>iii) Training Crafts</u>	K.E. (65-66)	B.E. (66-67)
<u>Instructors</u>	80,87,100	1,15,17,900

The Third Plan envisaged (a) the capacity of the four existing Central Training Institutes for craft-instructors would be raised from 586 to 1052 and (b) three more Central Training Institutes would be set up to train 7800 instructors as against 2000 in the Second Plan. The allocation in the Third Plan was Rs. 4.5 crores.

The Fourth Plan envisages expansion of the capacity in all the existing institutes by 1172 seats of which 660 seats have been sanctioned from October 1965 as advance action of the Fourth Plan. The allocation in the Fourth Plan is Rs. 4.37 crores.

The provision is for the seven Central Training Institutes for Instructors at Calcutta, Bombay, Madras, Nagpur, Hyderabad, Ludhiana and New Delhi. The training is imparted in 16 engineering trades and 4 non-engineering trades in Building and Construction. The larger provision for the year 1966-67 is due to expansion of the capacity of the C.T.I.s. The provision includes the expenditure on Model Training Institutes for the training of craftsmen attached to the Institutes at Calcutta, Hyderabad, Kanpur and Ludhiana. These figures do not include expenditure on construction of Central Training Institute buildings which are provided under the civil works budget.

Some of the workload information is given below:

TABLE - VII

	<u>64-65</u>	<u>65-66</u>	<u>66-67</u>
a. No. of training institutes for instructors	7	7	7
b. Total capacity	1948	2380	2608
c. Number of Instructor trainees who passed out	2842	1561	x (There were 2 trade tests)

	<u>1st Plan</u>	<u>2nd Plan</u>	<u>3rd Plan</u>
d. Number of Craft Instructors trained	1002	2589	7159
e. Total passed out so far.	11223 (31.3.66)	-	x
f. No. of Central/State Officers trained as promoters of Supervisory Development programmes.	11	24	24

x - Information will be available after the close of the year.

iv) Training of apprentices	<u>R.E.</u> <u>(65-66)</u>	<u>B.E.</u> <u>(66-67)</u>
	2,59,100	2,76,400

The provision is in respect of expenditure incurred by the Central Government on the offices of the Central Deputy Apprenticeship Adviser (Regional). In addition, expenditure on the training apprentices is incurred by the State Governments which is shared between the Central and State Governments in the ratio of 60:40. The central share of expenditure is included under training of craftsmen. Separate figures for apprentices are not available.

Under the Apprenticeship Act 1961 which was enacted in December 1961, Training programmes in 14 designated trades commenced from 1st January 1963. Subsequently, 13 additional trades were designated and training in these started with effect from 1st Jan 1964. Some Work load data is given below:

TABLE - VIII

	<u>64-65</u>	<u>65-66</u>	<u>66-67</u>
a) Number of trades in which training is given	26	27	40 (upto Sept.66)
b) Number of apprentices undergoing training at the end of the period.	17322	26204	27206 (30.6.66)
c) Number of industries brought under the purview of the Act	127	127	127
d) Total number of Apprentices trained			7000
e) Total cost so far			Separate figures not available, expenditure combine under craftsmen trained schemes.

C-Demands for Grants

Demand No. _____ Revenue _____

Estimate of the amount required in the year ending 31st March, 1967 to defray the charges in respect of Labour and Employment (Director General of Employment and Training)

Voted:

Charged:

Sub-Heads under which this grant will be accounted for on behalf of the Deptt. of Labour & Employment.

Description	Actuals	B.E. (64-65)	R.E. (65-66)	B.E. (65-66)	(66-67)
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38-Labour & Employment (Major head)
Training (Minor head)
Directorate General & Employment and training (Group head)
Training of Apprentices (Sub-group head)

Plan Establishment charges
Travel
Other charges (sub-heads)

Non-Plan

Establishment charges
Travel
Other charges
Central Apprenticeship Council (sub-heads)

- Notes:- 1. The above is only illustrative with reference to one minor head and sub-group head thereunder.
2. Under the technique of performance budgeting envisaged, there will be the main performance budget document in terms of organisations, the activities, etc. in both financial and physical terms as illustrated in section (v). In addition, a separate part will be devoted to Demands for Grants as outlined above.
3. It would appear advantageous to have one Demand for one major head operated by one Department.
4. As at present, Capital Demands will be separately presented.

APPENDIX I

CASE STUDY-B

DEPARTMENT OF AGRICULTURE(CENTRE)

PROPOSED BUDGET
OF THE
DEPARTMENT OF AGRICULTURE
UNDER
PERFORMANCE BUDGETING

Contents

A-Performance Budget

- (i) Introductory note
- (ii) Objectives and Functions.
- (iii) List of Organisations.
- (iv) Statement showing Plan, budget outlays by important programmes/activities.
- (v) Financial Requirements and performance analysis of the Organisations.
 - (a) Secretariat
 - (b) Directorate of Extension and Training.
 - (c) Exploratory Tube Wells organisation.
 - (d) Delhi Milk Scheme
 - etc. etc.

X X X

B- Economic Classification of the Budget

C- Demands for Grants:

A - Performance Budget

(i) Introductory Note:

The Ministries of Food and Agriculture and Community Development and Cooperation were amalgamated on the 24th January 1966. The Department of Agriculture is one of the four departments of this reconstituted Ministry. Its objectives and functions are briefly given in section (ii).

2. A list of Directorates and Organisations under the Department of Agriculture is given in section (iii).

3. The major programmes and activities of the Department, the provision in the annual Plan and the corresponding provisions in the budget are given in section (iv). This is intended to facilitate Plan-budget correlation.

4. The financial requirements of the Department under each of the organisations referred to in section (iii) are indicated in terms of their programmes and activities, supported by detailed explanatory narrations, work load factors, targets, accomplishments, etc. in section (v). In addition, the financial requirements in terms of the objects of expenditure - constituting primary units of appropriations, are also given under each organisation.

5. The total expenditure under the control of this

-:123:-

Department, demand-wise, is given below:-

	(Rs. in lakhs)
Demands	Budget Estimates 66-67
Revenue	2169.35
Capital	10762.17
*Grants to States/Union Territories	4588.94
*Loans and Advances	<u>16953.74</u>
Total:	<u>34474.16</u>

*Demands under Ministry of Finance.

(Note: This note is only indicative in nature and further amplification may be made depending on each situation).

(ii) Objectives and Functions

The main objective of the Department of Agriculture is to co-ordinate the various programmes and activities under Agriculture and allied Services throughout the country with a view to maximising agricultural production by providing the requisite material inputs, technical know-how, etc. In addition, its responsibilities include the sponsoring and conducting of a wide range of research activities.

These functions are carried out by the administrative organisations and directorates listed in section (iii).

(Note: The write-up above on objectives and functions is only indicative. It requires elaboration).

(iii) List of Organisations

1. Secretariat
 2. Directorate of Extension and Training
 3. Exploratory Tube Wells Organisation
 4. Delhi Milk Scheme
- etc. etc. etc.

(Note: The various organisations,
directorates, attached offices,
etc. of the Dept. whose financial
requirements are presented in
the budget may be listed here).

(iv) Department of Agriculture (Centre)
Programmes and activities Plan and Overall Budget Provisions (1966-67)

(Rs. in lakhs)

Programmes/ Activities	Provision in the Annual Plan	Budget Provision (Plan)							Budget Provision (Non-Plan)							R E M A R K S
		Direct Expenditure Revenue	Capital	Grants and Loans to States/U.Territories	Grants, Loans	Total of Grants & Loans	Total Cols. 5 & 6	Revenue	Capital	Grants &Loans	Total non- plan provi- sion (Cols, 9 to 11)	Total Budget Provi- sion (Cols 8+12)				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)			

1. Agricultural Development.
 - (a) Direction and superintendence
 - (b) Agricultural Farms and Improved Seeds.
 - (c) Extension & Training
 - (d) Intensive Agricultural Programmes
 - (e) Manures and Fertilisers
 - (f) Agricultural Education

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
(g) Agricultural Engineering													
(h) Agricultural Experiments and Research													
(i) Agricultural Marketing													
(j) Minor Irrigation													
(k) Plant Protection and Quarantine													
(l) Land Development													
(m) Development of commercial crops and Horticulture													
(n) Colonisation Schemes													
(o) Miscellaneous													

Total: Agricultural Development

- II. Animal Husbandry
- III. Dairy Development and Milk Supply
- IV. Forest
- V. Fisheries

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
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VI. Others

Grand Total

Note:-

- (1) This statement covers only the activities of the Dept. of Agriculture of the Centre. To get an overall picture under a programme/activity taking into account the expenditures incurred by other departments such as P.W.D, etc, a consolidated review should be given at the beginning of the main Performance Budget by the Central Budgeting Agency.
- (2) This does not take into account special area Demands controlled by the Home Ministry.
- (3) The broad heads under Animal Husbandry, Dairy Development & Milk Supply, etc, may also be broken into main activities as has been done for the head I- Agricultural Development. This has not been done in this statement as detailed study in those fields was not conducted.
- (4) In cases where columns 2 and 8 do not tally, suitable explanations for the variations should be given with a view to bringing about rapport between Plan and Budget.
- (5) For want of necessary data and time, figures have not been filled in the statement.
- (6) This statement needs to be supported by a brief write-up about the overall physical programmes and accomplishments under each programme indicated therein.

(v) Financial Requirements and Performance analysis of the organisations.

Secretariat: R.E.(65-66) R.E.(66-67)

Rs.56.14 lakhs Rs.54.23 lakhs

The Secretariat of the Department of Agriculture with the Secretary to Government as its administrative head is mainly concerned with evolving policy matters and giving executive directions. In addition, house keeping operations and general administration form part of the work of the Secretariat. The following table indicates the staff position.:

Particulars	Y E A R S		
	64-65	65-66	66-67 (anticipated)
(a) No.of officers as on 31st March	139	146	132
(b) No.of staff as on 31st March	775	779	717
(c) Total Secretariat expenditure (in lakhs of rupees)	49.63	56.14 (R.E.)	54.23
(d) Total Revenue Expenditure of the Department (in lakhs of rupees)	1467.44	1432.71	2173.88
(e) % of (c) to (d)	8	3.9	2.5

Directorate of Extension
(Programme & Performance)

A: Authority, Scope and Objectives:

With the inauguration of the National Extension Services and Community Development Blocks in 1952 and the formation of the Ministry of Community

Development at the centre, the work of coordinating the training of Gramsevaks and Gramsevikas was entrusted to the Ministry of Food and Agriculture(now Ministry of Food, Agriculture, Community Development and Cooperation). For this purpose, a special Unit known as the Directorate of Extension and Training was formed in 1955 which functions as a part of the Ministry (Department of Agriculture).

2. During the Second Plan Period, the problems of increasing agricultural production assumed greater importance. It was realised that more attention should be given to the application of the results of research to the cultivators' field. This required a systematic flow of scientific information from the research institutions under Agricultural Departments, Universities, National Institutes etc. to the Field Extension Agency under the development blocks. To ensure this, a close liaison was necessary between the Department of Agriculture and Community Development at the centre and concerned Departments in the States. Thus, the responsibility for the dual role, viz. (a) establishing continuous coordination between the activities of the Department of Agriculture and Community Development and (b) serving as an executive arm of the Department of Agricultural in coordinating food production efforts, was

entrusted to the Directorate of Extension Training.

3. The Directorate has been gradually strengthened to discharge effectively the increasing responsibilities. Apart from the Extension Training Unit, Farm Advisory Unit, Farm Information Unit and the Administrative Unit established earlier, a new Unit known as the Intensive Agricultural District Programme Unit was added during 1961. This Unit is now looking after all the intensive Agricultural Programmes such as IADP, IAAP and HVP. Another Unit called Agricultural Implements Unit was also added in February, 1963 by transferring the implements development work being done in different sections in the Directorate, the ICAR and the Ministry. As such, at present, the work of the Directorate is divided into the above mentioned 5 technical units which function under the control of the Extension Commissioner in the Ministry.

4. It is function of the Technical Units to initiate, process, guide, supervise and assist the extension agency in the States in the implementation of various programmes and schemes. The officers of the Directorate keep liaison with the State Governments, maintain close contact with their counter-parts in the States and visit the States and districts frequently to guide the field officers in the implementation of the various programmes.

5. The financial requirements of the Directorate for the year 1966-67 are as follows:

B: Financial Requirements (66-67)

Programmes/Activities

	B.E. 1966-67	R.E. 1966-67
		(Rs. in lakhs)
1. Intensive Agricultural Programmes	19.87	45.77
2. Extension and Training:		
a) Farm Advisory Services	3.40	3.68
b) Extension Education and Training	11.82	12.36
c) Farm Information & Publicity	17.48	17.83
d) General Administration	10.30	11.37
3. Agricultural Engineering:		
a) Agricultural Implements	<u>0.71</u>	<u>0.73</u>
	<u>Total:</u>	<u>63.58</u>
	<u> </u>	<u>91.74</u>
<u>Add</u>		
4. Grants to States	91.56	86.32
5. Loans to States	6.00	42.61
	<u>Total:</u>	<u>161.14</u>
	<u> </u>	<u>220.67</u>

Objects of Expenditure:

1. Establishment charges	26.70	26.63
2. Travel	2.03	2.89
3. Materials & Equipment	5.03	13.17
4. Other charges	29.82	49.05
5. Grants to States	91.56	86.32
6. Loans to States	6.00	42.61
	<u>Total:</u>	<u>161.14</u>
	<u> </u>	<u>220.67</u>

Sources of Financing:

Demand No. 35		
1. Major Head '31' (Revenue Budget)	63.56	91.72
Demand No. 31		
2. Major Head '74' (Grants to States)	91.56	86.32
Demand No. 125		
3. Major Head '124' (Capital Budget)	0.02	0.02
Demand No. 123		
4. P. Loans & Advances to the State Governments	6.00	42.61
	<u>Total:</u>	<u>161.14</u>
	<u> </u>	<u>220.67</u>

Note : The requirements for 66-67 should ordinarily have included the actuals for 64-65, B.E. and R.E. of 65-66. But in view of the time factor it had not been possible to work out these outlays by the above categories.

C: Explanation of Financial Requirements:

1. Intensive Agricultural Development Programmes:

Activities under this head comprise three major programmes, viz, the Intensive Agricultural District Programme (Package Programme), Intensive Agricultural Area Programme and High-yielding Varieties Programme. The Intensive Agricultural District Programme which was introduced in 1960-61 in seven districts to begin with, now covers 18 districts in the country. The programme has the object of demonstrating the potentialities of increasing food production through a multi-pronged, concentrated and coordinated approach to agricultural development in areas which are more responsive to intensive efforts. The essential features of the Programme include:-

- a) development of a 'package of Improved practices' for each important crop, based on the latest research findings;
- b) Providing guidance to the cultivators to develop individual farm production plans, and
- c) extending assistance to cultivators to secure adequate and timely supplies of inputs like improved seeds, fertilisers, pesticides, implement and production credit.

The programme which has been in operation for more than six years in some districts, has demonstrated the effectiveness of farm planning as a reliable tool for agricultural development. The adoption of this

approach has also lead to a substantial increase in the consumption of purchased inputs like quality seeds, fertilisers and pesticides on the one hand, and in average yielding of crops on the other.

Based on the experience gained in the implementation of the IADP, the concept of resource-concentration and selectivity was extended to additional areas having potentialities for stepping up agricultural production. The intensive Agricultural Area Programme was, thus, introduced during 1964-65 in 117 districts. The programme covered nearly 133 lakh hectares of cropped area in 1304 selected blocks in these districts in 1965-66. The entire range of assistance and services made available to the farmers under the IADP is also extended to farmers in the IAAP districts, but on a lesser scale. Recognising the lack of storage facilities as one of the major impediments in implementing the programme, construction of a net work of storage godowns at rural and rail-head/mandi levels in these districts was initiated during 1964-65, and 1965-66 under the Special Development programme. Some of the relevant work indices regarding IADP and IAAP are given below:

Table - II

Particulars	IADP		IAAP	
	64-65	65-66	64-65	65-66
Districts covered	18	18	117	117
Blocks covered	296	303	965	1304
Area covered(Lakhs Hect)	27.00	30.30	90.0	133.0
Fertiliser Consumption (lakhs tonnes in terms of As)	3.09	3.34	4.0	3.50
Area Covered by Improved Seed distribution (Lakh hect)	6.83	7.00	-	-
Percentage covered	25	23	-	-
Use of Pesticides (Tonnes)	4820	4280	-	-
Area covered by plant protection measures (Lakh hect)	11.30	12.60	11.0	42.0
Lowest yield in the area (quintal/hect) (Paddy)	9.9 (Bhandara)	3.4 (Raipur)	-	-
Highest yield in the area (quintal/hect) (Paddy)	24.1 (Mandy)	21.2 (Mandy)	-	-
Average yield in the area (quintal/hect) (Paddy)	14.7	12.2	-	-
No.of Demonstrations	26838	-	-	-
No.of Soil Samples collected	68370	-	-	-
No.of Soil Testing	64945	-	-	-
No.of Soil recommen- dations made	52269	-	-	-

Notes : (i) Relates to 11 States only.
(all except Bihar, Jammu &
Kashmir, Punjab and West
Bengal).

(ii) IADP data relates to only 17
districts excluding Jammu
& Kashmir.

A development of major significance in the field of intensive agriculture is the introduction of the newly identified and evolved high yielding strains of paddy, wheat, maize, jowar and bajra which are responsive to high doses of fertilization. The scheme is being implemented, as far as possible, in IADP and IAAP districts where the necessary institutional infrastructure and additional staff have already been provided: During 1966-67, it is proposed to cover about 26 lakh hectares under improved varieties; this would increase to about 132 lakh hectares by the end of the Fourth Plan. The programme is expected to yield an additional production of 25.5 million tonnes of foodgrains out of the total extra production of 35 million tonnes envisaged at the end of the Fourth Plan Period.

Special assistance is provided by the Directorate of Extension in the implementation of these three programmes by way of drawing up the broad outline of the programme, laying down the pattern for staff and finances, training extension staff, providing technical advice and assistance, streamlining supply of essential inputs and credit and organising assessment surveys to throw light on the progress of the programme and the impact it is making.

2. Extension and Training:

(a) Farm Advisory Services - The Farm Advisory Unit provides the link between the Research Institutions on the one hand and the Extension Organisation in the States on the other. The Director, Farm Advisory Unit, assisted by subject matter specialists keeps continuous contact with the various Research Institutions and passes on this information to extension workers by means of preparation of suitable literature, correspondence with the State Government officers and also by arranging seminars and workshops of the concerned staff working in official and non-official institutions.

Besides, the following work is handled in the Farm Advisory Unit:

1. Organisation of Nation - wide Demonstration on major crops.
2. Organisation of All India Crop Competitions
3. Award of Community Prizes
4. Arranging meetings of panel of progressive farmers and follow-up of their recommendations.

It also handles smaller schemes for the Freedom from Hunger Campaign Committee such as setting up poultry, mash units , piggery units. It also processed a scheme "Incentives to the Farmers for Increasing Agricultural Production." Recently it has taken over the implementation of Fertilizer

Demonstrations Scheme which was previously handled by the ICAR.

TABLE - III

No. of requests received	No. of requests complied with
1964-65	1965-66
1964-65	1965-66

Technical Advice 596 677 505 546

TABLE - IIIA

Type of crops	No. of plots selected for demonstration	
	1965-66	1966-67 (Programme)
Rice	116	1006
Jowar	49	206
Bajra	62	214
Maiza	5	143
Ragi	79	50
Wheat	84	361
TOTAL :	395	1980

Note : Programme of National Demonstration was started during 1965-66 under the International Productivity year.

Besides, under the Fertilizer Demonstrations Scheme which has been transferred to the Directorate of Extension, about 60,000 demonstrations are proposed to be taken up during the current year. The details are as under:

Type of Demonstrations	No. proposed 1966-67
1. Package Type	7,000
2. Miscronutrients	1,000
3. Soil amendments	1,000
4. Super compost	1,000
5. General type (NPK)	<u>50,000</u>
TOTAL	60,000

(b) Extension Education & Training:

The Directorate of Extension is responsible for coordinating the various training activities in respect of Extension Education. Such education is specially being imparted through a net work of training institutions which serve the needs of practically all categories of extension personnel. It is responsible in the adoption of scientific methods but also in the provision of suitable physical facilities and filed standards for the training of extension workers. To meet the growing need for the training of Instructors, the Extension Directorate has set up three Extension Education Institutes at Nilokheri, Hyderabad and Anand. Post-graduate facilities have also been provided in extension methods and communication media at the last two Institutions. Besides this, various schemes for the training of youth and farmers' sons and farm women have also been taken up. The training Unit is charged with the task of preparation of schemes for the

training of Extension personnel, their processing, execution, review and follow-up provision of technical guidance and making available financial assistance for the establishment and running of the Institutions. The Unit is also responsible for the preparation and periodic review of syllabii for different types of training. It prepares suitable literature on Extension Education, Home Science, Youth Activities and other related subjects.

TABLE - IV A

Sl.No.	Type of Training courses at Ex- tension Education Institute Nilkheri	1964-65	1965-66	1966-67
1.	<u>Refresher Training for VLW's</u>			
a)	No. of persons trained	65	32	44
b)	No. of courses organised	3	2	3
c)	Duration of each course	2 mths	2 mths	2 mths
2.	<u>Inservice Training of Extn Officers Agricul- ture/Animal Husbandry</u>			
a)	No. of persons trained	45	34	30
b)	No. of courses organised	2	2	1
c)	Duration of each course	-----6 weeks-----		
3.	<u>Inservice Training of the Institutional staff of GTC'S etc.</u>			
a)	No. of persons trained	-	35	19
b)	No. of courses organised	2	2	2
c)	Duration of each course	-----2 months-----		
4.	<u>Inservice Training of the Institutional staff at the Extension Wings attached to Agriculture/ Veterinary Colleges</u>			
a)	No. of persons trained	-	-	-
b)	No. of courses organised	-	-	-
c)	Duration of each course	-	-	1month

Table - IV B Extension Education & Training

	No. of Training Centres	No. of persons 64-65	No. of persons 65-66	No. of persons 66-67	Estimated Estimated
1. Pre-service training at Gramsevak Training Centres	100	4201	4194	4000	
2. Pre-service training at Gramsevika Training Centres	42	1567	792	771	
3. Inservice training at Gramsevak Training Centres	52	3816	4700	6000	
4. Inservice training at Gramsevika Training Centres	42	746	228	2100	
5. Extension Education Institutes	3	215	223	210	
6. Extension officers training in subject matter refresher courses	40	729	700	500	
7. Pilot Youth programme No. of clubs opened (including Mahila Mandals)	100	955	955	1000	
8. Refresher Courses for Institutional staff	3	66	32	72	
9. Exchange of farmers				3000	
10. International Farm Youth Exchange Programme (Nos. exchanged)			32	72	
11. Gram Sahayak Training	65	25000	to date		

(c) Farm Information & Publicity

Dissemination of information of improved agricultural techniques and practices recommended by the extension experts for adoption at the field level by the farmers and provision of necessary information support to the various food production programmes initiated by the Ministry form an integral part of

extension activity. The Farm Information in the Directorate of Extension performs this essential role. This is done through the preparation of suitable publications and information material to be disseminated through various media for the use of extension workers including village level workers and the farmers. It provides guidance to the Agricultural Information Units established in all the States. Information support is also provided in the implementation of Intensive Programmes such as the package programme, high-yielding varieties programme by way of giving training to extension teachers, workers and Information Units in communication techniques. The Directorate of Extension helps in the publication of text-books and visual aids for the use of trainers and trainees at various extension institutions, distribution of extension and information materials such as magazines, bulletins, pamphlets, leaflets, charts, posters and other visual aids like film strips, slides and charts for the use of extension workers and farmers. It prepares extension material in national as well as regional languages for dissemination through other mass media, such as the press, the radio and the films. Necessary assistance is given in production and exhibition of film and for organisation of exhibitions.

Table - V

Farm Information & Publicity

	<u>64-65</u>	<u>65-66</u>	<u>66-67</u>
1. Publications in English	37	50	72
2. Publications in other languages	37	45	55

	<u>64-65</u>	<u>65-66</u>	<u>66-67</u>
3. No. of Exhibitions held	27	39	4
4. Total number of copies of publications printed	22.20 lakhs	30.00 lakhs	14.15 lakhs
5. Total number of copies of publication distributed	22.13 lakhs	29.91 lakhs	14.37 lakhs
6. No. of film shows held	122	120	80
7. No. of workshop and seminars held	4	5	3

(d) General Administration

The Administrative Unit caters to the house keeping needs of the Directorate. It also coordinates the programmes of the various technical units and exercises overall administrative, budgetary and financial control over the activities of the Directorate. The Director of Administration functions as the Head of the Department. The expenditure on administrative services and organisations and activities mentioned in the above paragraphs represents expenditure on general administration. The relevant data is given below:

TABLE -VIII

	<u>64-65</u>	<u>65-66</u>	<u>66-67</u>
1. No. of officers as on 31st March in the whole Organisation.	48	54	57
2. No. of staff as on 31st March in the whole organisation	414	420	422

3. Agricultural Engineering

(a) Agricultural Implements

The promotion of improved agricultural implements in the country is an aspect of extension activity which deserves special attention in view of the imperative need for raising Indian Agriculture to higher level of technology. The Agriculture Implements Unit in the Directorate of Extension is responsible for coordinating the implements development work being done by various agencies. Its main objective is to evolve appropriate types of improved agricultural implements suited to the needs of the various regions/areas in the country in collaboration with the State Governments and also to help in their distribution and supply to the farmers. The activities of the Extension Directorate in development work are directed in:

- (a) formulating and supervising agriculture implements popularisation programmes;
- (b) advising farmers and Government Departments regarding the availability and supply of improved implements;
- (c) advising manufacturers regarding the type of implements to be manufactured, preparation and supply of blue prints, advice on methods of manufacture, etc;
- (d) standardising improved agricultural implements in collaboration with ISI;
- (e) training village artisans, mechanics in the repair and manufacture of implements;

- (f) preparing materials on agricultural machinery for publications of articles, bulletins, posters, films books, etc.;
- (g) examining applications received by Invention Promotion Board in respect of inventions in agricultural implements, to get them demonstrated, tested and to recommend their suitability for awards etc;
- (h) arranging seminars, exhibitions, demonstrations of agricultural implements;
- (i) coordinating the research work taken up at 17 Research Testing Centres.

Table -VI

Implements Development
Programme

	<u>64-65</u>	<u>65-66</u>	<u>66-67</u>
1. No. of Agricultural Implements designed during the year(in the Directorate of Extension and various RTC's)	15	18	20
2. Demonstrations, exhibition of the new Agricultural Implements (by the Directorate of Extension)	5	6	8
3. Production of select implements in the country:			
a) Tractors	3,279	6,196	12,000
b) Ploughs(Iron)	3,94,000	7,00,000	12,00,000
c) Other Implements such as Harrows, Cultivators, Seed Drills, Patellas, Dusters, Sprayers, Threshers, and Planters etc.	4,30,000	5,00,000	6,00,000

4. Grants to States

Being the central agency, the function of the Directorate is primarily to assist extension organisation of the State Governments in the implementation of various programmes. In all the activities, advisory or otherwise,

whether in respect of intensive development programmes, training programmes, implements development programme or information support and publicity programmes, the effectiveness of the Directorate lies mainly in training their counterparts in the States and assisting them in all possible manner in a way that the technical information and other Government assistance reaches the ultimate beneficiary i.e. the cultivator himself. Therefore, besides technical guidance, substantial financial assistance is provided to the State Governments in effecting necessary administrative and technical improvements and is strengthening the field organisation to the desired and possible extent. The grants given to the various States for broad items or activities are as under:-

TABLE - VII

	65-66 (Rs. in lakhs provisional)	66-67
Area Development Programme	36.31	14.20
Extension Training	7.35 (RE)	15.26 (RE)
Implements Development	3.55	5.13
Others	44.35	51.73

EXPLORATORY TUBE WELLS ORGANISATION

Programme & Performance

A: Authority, Scope and Objectives

The Exploratory Tubewells Organisation, with the Chief Engineer as its functional head, is concerned with assessing the ground water potential in selected areas mainly with a view to the expansion of tubewell irrigation. The work of the organisation is carried out through its four divisions, one each at Roorkee and Muzafarpur and two at Jodhpur. The organisation started ground water exploration in January 1955 with technical and financial cooperation of the T.C.M. (now US AID).

(ii) In addition to its main activity of ground water exploration, the organisation has, of late, been undertaking construction of production tubewells on behalf of the State Governments. In particular, the organisation has been assisting the Government of Rajasthan since 1964-65 in the construction of 250 tubewells (later revised to 200 successful tubewells) in the scarcity areas as a famine relief and irrigation measure. It had also to undertake the construction of production wells in Kutch (Gujrat) in view of the serious drought conditions as also in Bihar due to the importance of increasing the production of Sugarcane.

(iii) Besides, a special project on pre-investment survey for ground water development has also been undertaken since 1965-66 with assistance from the United Nations Special Project Fund.

(iv) A scheme of training officers sponsored by

and testing of water wells in India has also been started since February 1966.

The following are the financial requirements for the 1966-67.

B-Financial Requirements

Table-I

(in lakhs of Ruppes)

Activity	Actuals (64-65)	Budget Estimates (65-66)	Revised Budget Estima- tes (65-66)	Budget Estimates (66-67)
1. Ground Water Exploration	23.33	35.37	45.04	41.14*
2. Pre-Investment Survey for Ground Water Development	-	-	0.02	10.00
3. Training	-	-	0.73	10.00
4. Administration@	3.41	3.93	4.32	4.50
Total (I)	26.74	39.30	50.11	65.64*
<u>Object Classification</u>				
1. Establishment charges	16.74	18.75	19.95	31.13
2. Travel	2.87	1.75	2.92	4.39
3. Stores, Material and Labour	(-) 7.34	3.00	11.51	0.50
4. Tools and Plant	13.51	15.00	14.00	25.24
5. Other charges (contingencies)	0.96	0.80	1.73	4.38
Total(II)	26.74	39.30	50.11	65.64
<u>Sources of Financing</u>				
From Consolidated Fund of India(**) (Demand No. _____);	26.74	39.30	50.11	65.64

Major Head 31

* Includes a sum of Rs.11 lakhs as non-plan provision.
The rest is all Plan expenditure.

@ 90% of the expenditure of C.Es organisation assumed
as administrative expenses.

** No. part of the expenditure is 'charged'.

C: Explanation of Financial Requirements

(Rs. in lakhs)

<u>1. Ground Water Exploration</u>	R.E(65-66)	B.E(66-67)
	45.04	41.14

This is the major activity of the Exploratory Tube-wells Organisation. A total of 379 bore holes were drilled in 13 States by the end of the Second Plan period, the area explored being about 1.32 lakhs sq.kms. in all, of which about 41,500 sq. kms proved ground water worthy.

(ii) Out of the Third Plan target of 300 exploratory bores, the number actually drilled was 201. The progress was slow due to the organisation diverting most of its rigs in 64-65 from exploratory works to construction of tubewells in the Famine affected areas of Rajasthan, in the drought areas of Kutch (in Gujarat) and also in Bihar where they are still engaged in that work.

(iii) In case of exploratory tubewells, wherever the boring proves successful with reference to the standards and criteria laid-down, the tubewells are handed over to the respective State Governments for further action and cost recovered from them in the form of long term loans.

(iv) The organisation has of late been increasingly applying itself in the construction of production tubewells as an executing agency on behalf of the State Governments, private parties etc. In this case, the cost together with a prescribed percentage towards establishment, tools and plant etc. is passed on to the State Governments concerned for adjustment. An important part of this activity is the programme of construction of 250 tubewells(later revised to 200 successful wells) in the scarcity areas of Rajasthan as a famine relief and irrigation measure, 122 tubewells in Kutch(Gujrat) to meet drought conditions and 175 tubewells

The relevant work load information is given in Tables II and III below:-

Table II

EXPLORATORY TUBEWELLS

YEAR	No. of bores drilled		No. proved successful	Remarks
	Target	Actuals		
1963-64	-	65	29	Target not known
1964-65	-	10	1	-do-
1965-66	9@	3	2	@ Revised target was 4
Total-Third Plan:	300	201	67	
1966-67 (anticipated)	66	-	-	

Table III

AGENCY WORKS

(Production Tube-wells etc. on behalf
of State Govts., private parties etc.)

1964-65	-	212	175	Target not known
1965-66	300*	248	183	*Revised target was 2.56.
1966-67	166@	-	-	@120 are expected to be successful.

In respect of works carried out on behalf of State Governments, private parties etc. (Agency works), the amount recovered towards departmental charges (establishment, tools and plant) and hire charges of machinery were as follows:-

-:151:-

Table IV

(Rs. in lakhs-approximately)

	1964-65	1965-66	1966-67
			(anticipated)

Departmental charges:	12.61	7.14	7.14
Hire Charges:	14.00	30.00	17.28

2. Pre-investment Survey for Ground Water Development:

(Rs. in lakhs) -
R.E.(65-66) R.E.(66-67)

0.02	10.00
------	-------

This activity has been undertaken with financial assistance from the U.N. Special Project Fund in the arid and West zones of Rajasthan and U.P. respectively. This project is for a total period of 4 years ending with 70-71, total U.N. Fund assistance being of the order of about 1 million dollars. The object is to undertake intensive pre-investment ground water development surveys that will provide data and techniques on ground water assessment for application throughout the country. The variation between the R.E. for 1965-66 and B.E. 1966-67 is due to the fact that this activity was launched only towards the end of 1965-66. Provision for the whole year is now made for 1966-67 as against part provision in R.E. 1965

3. Training:

(Rs. in lakhs)

R.E.(65-66)	B.E.(66-67)
-------------	-------------

0.73	10.00
------	-------

A scheme for training of officers sponsored by the State Governments etc., on techniques related to construction and testing of water wells in India has been started since February, 1966. The training is expected to be useful to the State officials for conducting

ground water surveys and in locating and proving the occurrence of ground water. As observed in 2 above, this activity was also undertaken only towards the end of 1965-66 and hence the variation between R.E.1965-66 and B.E.1966-67.

4. <u>Administration:</u>	(Rs. in lakhs)	
	R.E.(65-66)	R.E.(66-67)
	4.32	4.50

Expenditure under this head is towards expenses on the house keeping job of the organisation such as pay and allowances on administrative and supervisory staff and officers at Head Quarters, Stationery, Printing, rent, telephones, and other contingent charges etc. Expenditure on men and material engaged or used on the activities is reflected under the respective activities. The following table gives the staff position.

TABLE V

	1964-65	1965-66	1966-67 anticipated
a.No. of officers at the end of	54	58	62
b.No. of staff at the end of	580	606	635

Variation in Budget Estimates

The overall budget estimates for 66-67 of the organisation show an increase over R.E. for 65-66 mainly due to more procurement of tools and plant and provision for the whole year in respect of pre-Investment Survey and training activities as against part provision in R.E.of 65-66. Increase in the rates of D.A. and increases under T.A. and other charges also account for the overall increase in the budget provision.

DELI MILK SCHEME

Programme and Performance

(A) Authority, Scope and Objectives

The Delhi Milk Scheme, which is a Second Five Year Plan project of the Department of Agriculture has the object of reorganising the milk supply of the capital with a view to assuring supply of good and wholesome milk at a reasonable price to the consumers on the one hand and a remunerative market to the milk producers on the other. A sum of £ 800,000 was made available as a cash grant by the Government of New Zealand, under the Colombo Plan, for the purchase of equipment required for the central dairy and its ancillary milk collection and chilling centres. In addition, equipment worth £ 13,250 was also received from the Government of New Zealand under the Colombo Plan. The financial requirements for the year 1966-67 are as under:

TABLE - I
(B) Financial Requirements

Activities	Actual (64-65)	Budget Estimates (65-66)	Revised Estimates (65-66)	Budget Estimates (66-67)
a) Procurement of Milk				
i) Purchase of Milk	267.43	328.17	419.00	584.72
ii) Purchase of Milk Powder	27.48	30.00	10.00	10.00
iii) Collection expenses	13.61	13.29	14.78	16.09
	308.52	371.46	443.78	610.81

(Rs. in lakhs)

Activities	Actuals	Budget	Revised	Budget
	(64-65)	Estimates	Estimates	Estimates
		(65-66)	(65-66)	(66-67)

b) Processing of Milk & Milk Products	11.31	11.03	12.27	13.36
c) Distribution	13.41	13.08	14.55	15.84
d) Quality Control	0.88	0.86	0.95	1.03
e) Administration	10.45	10.19	11.35	12.35

Capital Outlay:

f) Stores and Equipment	67.13	96.76	102.99	121.69
g) Land, etc.	0.83	3.00	1.23	1.50
<hr/>				
Total (I)	412.53	506.38	587.12	776.58

Object Classification:

Establishment charges	49.31	48.19	53.55	58.27
Travel	0.35	0.26	0.35	0.40
Milk & Powder	294.91	358.17	429.00	594.72
Stores	42.51	48.76	69.22	88.19
Equipment &				
Machinery	24.62	48.00	33.77	33.50
Land, etc.	0.83	3.00	1.23	1.50
Total (II)	412.53	506.38	587.12	776.58

Sources of Financing:

(i) From General Revenues	9.08	7.60 (P)	7.60 (P)	7.17
Revenue Demand		(P)*		
No. 40; Major Head 39.				
(ii) From General Revenues				
Capital Demand No. 126				
Major Head 95 Charged:	0.65 (P)	1.00 (P)	1.00 (P)	1.00 (P)
Voted	24.30	50.00	34.00	34.00
(iii) From General Revenues -	378.00	447.78	544.52	734.41
Capital Demand				
No. 126; Major Head 124				
Total:	412.53	506.38	587.12	776.58

*(P) - Plan

C-Explanation of Financial Requirements

1. The overall targets and achievements during the Third Plan, the programmes for the Fourth Plan period and for the year 1966-67 are given below:

TABLE II

Particulars	Third Plan		Fourth Plan 1966-67	
	Targets	Achievements	Targets	Targets
a) Financial Provision in the Plan (in lakhs of Rs.)	240	189.47	258	35
b) Average milk handled per day (in maunds)	7000	6200 (Approx.)	12,000	6500
c) Milk Depots (Nos)	1000	733	1800	250
d) All Day Milk Shops (Nos.)	50	11	60	-
e) Milk Collection and chilling centres(Nos.)	30	14	40	3

2. An analysis of the working of the scheme over the past 3 years is brought out in the Table below:

TABLE III

Particulars	Y E A R S		
	1963-64	1964-65	1965-66
a) Govt. Capital at the close of the year	159.56	187.71	N.A.
b) Sales(Milk & Milk Products)	343.59	303.10	-
c) Wages and Salaries (Direct)	30.09	51.51	-
d) Interest and depreciation	14.97	17.42	-
e) Transportation charges	15.60	17.69	-
f) Selling and distribution Expenses	19.13	20.88	-
g) Net Profits (+) or (-) loss(-)	23.09	(-) 97.77	-
h) % of Loss on Turnover	6.72	32.26	-

(In paise)

Particulars	1963-64		1964-65		1965-66	
	Average cost price per litre	Average selling price per litre	Average cost price per litre	Average selling price per litre	Ave. cost per litre	Ave. selling price per litre
i) Buffalo milk	67	62	89	70	89	84
Cow milk	69	62	95	70	87	84
Toned milk	-	42	62	44	67	54
Double Toned milk	-	-	-	-	40	42

i) Buffalo milk 67 62 89 70 89 84
Cow milk 69 62 95 70 87 84
Toned milk - 42 62 44 67 54
Double Toned milk - - - - 40 42

3. The following further details and work load data are given, activity-wise:

(a) Procurement of Milk: (Lakhs of Rs.)

(i) <u>Purchase of Milk:</u>	R.E. (65-66)	R.E. (66-67)
	419.00	534.72

Against an installed capacity of 7000 maunds (2.55 lakh litres) of whole milk per day, the actual quantity procured during the last 3 years is as follows:

TABLE IV

Year	Total Procurement (lakh litres)	Average per day (lakh litres)	Average procurement price per litre (Paise)
1963-64	483.31	1.32	53.34 (Buffalo milk)
1964-65	390.12	1.07	68.65 "
1965-66	516.41	1.41	73.34 "
1966-67 (anticipated)	750.00	2.55	77.25 "

The fall in procurement in 1964-65 was mainly due to heavy floods, disease among cattle and heavy increases in the prices of food grains and cattle food. Raw buffalow milk is procured principally from U.P. and Punjab through

a net work of collection and chilling centres. The increase in the budget estimates for 1966-67 under this activity is mainly on account of increase in the quantity procured as also due to increase in procurement price per litre, vide Table IV above.

(Lakhs of Rs.)		
(ii) <u>Purchase of Milk Powder:</u>	R.E. (65-66)	B.E. (66-67) 10.00

Due to shortfall in the procurement of milk from local sources and to meet the growing demands, large quantities of imported skimmed milk powder were being used for the preparation of toned milk, etc. The total value of imported powder received during 1964-65 and 65-66 was Rs.20.32 lakhs and Rs.18.75 lakhs respectively. The landed cost of imported powder was Rs. 1.28 per Kg. in 1963-64 and Rs.2.50 per Kg. in 1964-65. With greater availability of milk from local sources, the quantity of milk powder purchased is now on the decrease.

(Lakhs of Rs.)		
(iii) <u>Collection Expenses:</u>	R.E. (65-66)	B.E. (66-67) 14.73

The amount under this activity represents procurement expenses (eg, salaries and wages, transport, etc.) in the collection and transportation of milk from the several centres to the Central Dairy. Collection expenses per litre averaged to 4 paise in 64-65, 3 paise in 65-66 and is expected to be about the same during 1966-67 (approximate).

(Lakhs of Rs.)		
(b) <u>Processing of Milk and Milk Products:</u>	R.E. (65-66)	B.E. (66-67) 12.27

The milk collected is chilled at the chilling centres and then transported to the Central Dairy where it is pasteurised and bottled. The milk processing plant has a rated capacity of 2.73 lakh litres a day of double shift, against which percentage of capacity achieved was 52.26 (1963-64), 50.57 (1964-65) and 64.26 (1965-66). The bottling plant has a capacity of 4.80 lakh bottles per day. The achievement was 57% during 1964-65 and 66.58% during 1965-66.

Milk products such as butter, ghee, skimmed milk powder, ice-cream, etc. are being manufactured in small quantities. Table V below gives the production figures during the last two years as well as the rated capacities of the plants and the percentage of capacity achieved.

TABLE V

Name of the Plant	Rated Capacity	%capacity achieved		Quantity manufactured in Kg.	
		64-65	65-66	64-65	65-66
Butter Manufacturing Plant	5000 Kgs a day of double shift	10.55	36.64	91,697	3,93,715
Ghee Manufacturing Plant	1000 Kgs a day of double shift	19.37	47.50	72,550	5,20,098
Milk Powder Plant	18000 litres a day of double shift	17.70	38.30	1,07,886	2,26,798
Ice Cream Plant	57.60 lakh cups and bars per year	3.4	2.09	N.A.	N.A.
(Lakhs of Rs.)					
(c) Distribution:	R.E. (65-66)		B.E. (66-67)		
		14.55		15.84	

- : 159 :-

Milk is distributed through a net work of Milk Depots and All-Day Milk Shops. It is proposed to have 1000 milk booths by the end of 1966-67 against 773 obtained at the end of the Third Plan. The number will be increased to 1900 by the end of the Fourth Plan. Similarly, the All-Day Milk Shops will be raised to 60 by the end of the Fourth Plan. Distribution expenses per litre averaged to 3 paise in 64-65 and about the same in 65-66-

(Lakhs of Rs.)
(d) Quality Control: R.E. (65-66) B.E. (66-67)
0.95 1.03

The milk is pasteurised, tested at Quality Control laboratory and then filled in bottles. Similarly, raw milk purchased at chilling centres is checked for chemical and bacteriological qualities at quality control laboratories provided in the centres. When they reach the central dairy, they are again tested immediately. The number of milk samples chemically and bacteriologically analysed is as follows during 1964-65 and 1965-66.

TABLE VI A

Year	M	I	L	K
	At Chilling centres	Tankers	Raw milk storage tanks	Pasteurised Milk storage tanks.
1964-65	N.A.	N.A.	N.A.	N.A.
1965-66	1,75,336	15,024	11,788	14,645

TABLE VI BComplaints Received

<u>Year</u>	<u>Milk</u>	<u>Ghee</u>	<u>Ice-cream</u>	<u>Butter</u>	<u>Curd</u>	<u>Total</u>
1964-65	N.A.	N.A.	N.A.	N.A.	N.A.	
1965-66	23	24	2	1	1	51

(e) Administration:

(Lakhs of Rs.)
R.E. (65-66) B.E. (66-67)
 11.35 12.35

This activity is towards house keeping operations of the scheme such as pay and allowances of officers and staff administering the scheme, rent, telephones and other such contingent charges. The following is the staff position:-

TABLE VII

<u>Particulars</u>	<u>64-65</u>	<u>65-66</u>	<u>66-67 Anticipated</u>
i) No. of officers as on 31st March	54	58	63
ii) No. of regular staff as on 31st March	1309	1519	1670
iii) %age of Administrative expenses to total expenditure during the year	2.53	2.01	1.59

Capital Outlay(f) and (g) : Stores and Equipment, Land etc.

The expenditure under these heads represents capital outlay on the stores, equipment, etc. required for the working of the scheme and acquisition of land and buildings.

B. Economic Classification of the Budget
for the year 1966-67.

Current Account	Actuals		B.E. 66-67	Capital Account	Actuals		R.E. 65-66	B.E. 66-67
	64-65	Revised 66-67			64-65	65-66		

1. Consumption Expenditure

Wages & Salaries

Commodities & Services

2. Transfer Payments

Grants

(a) To States and Union Territories

(b) To Local authorities

{c) To others.

Other current transfers

(a) Subsidies

(b) Others

Total:

1. Gross Fixed Capital Formation

② Buildings and other construction

(a) New Outlay

(b) Renewals and Replacements

Machinery and Equipment

(a) New Outlay

(b) Renewals and Replacements

2. Increase in Inventories

Works Stores

3. Capital Transfers

Grants for Capital Formation

(a) To States and Union Territories

(b) To Local authorities

(c) To others

Other Capital Transfers

Total:

@ Other than those that are included under PWD budget.

C- Demands for Grants:

Demand No. _____

Estimate of the amount required in the year ending 31st March 1967 to defray the charges in respect of agricultural programmes of the Deptt. of Agriculture:

Voted: Rupees Twenty one crores, sixty nine lakhs and thirty five thousand only.

Sub-heads under which this Grant will be accounted for on behalf of the Department of Agriculture:

Description	Actuals B.E.	R.E.	B.E.
	(64-65)	(65-66)	(66-67)

31- Agriculture (Major Head)

Extension & Training (Minor head)

Directorate of Extension & Training (Group head)

Farm Advisory Services (Sub-group head)

Non-Plan

- (i) Establishment charges
- (ii) Travel
- (iii) Other charges (Sub-heads)

Extension Education & Training (Sub-group Head)

Plan

- (i) Establishment charges
- (ii) Travel
- (iii) Other charges
- (iv) Materials and Equipment

Non-Plan

- (i) Establishment charges
- (ii) Travel
- (iii) Other charges
- (iv) International Youth Exchange Programmes (Sub-heads)

Farm Information and Publicity (Sub-group head)

Non-Plan

- (i) Establishment charges
- (ii) Travel
- (iii) Other charges
- (iv) Exhibitions
- (v) Production of Agricultural Information Literature, etc.
- (vi) Production and distribution of posters, slides, film strips, etc.
- (vii) Staff Training and orientation (Sub-heads)

General Administration (Sub-group head)

Non-Plan

- (i) Establishment charges
- (ii) Travel
- (iii) Other charges (Sub-heads)

Crop Competitions and other Incentive Schemes (Sub-group heads)

Non-Plan

- (i) Crop Competitions
- (ii) Others (Sub-heads)

Notes. (1) The above is only illustrative with reference to one minor head and one organisation connected therewith.

Similarly, other minor heads under Sl-Agriculture and organisations are also to be shown as presented above.

- (2) Under the technique of performance budgeting envisaged, there will be the main performance budget document in terms of organisations, their activities, etc. in both financial and physical terms as illustrated in section (v). In addition, a separate part will be devoted to Demands for Grants as outlined above.
- (3) It would appear advantageous to have one Demand for one major head operated by one Department.
- (4) As at present, Capital Demands will be separately presented.

APPENDIX II - A

Proposed scheme of Minor Heads. (Department of
Agriculture: 31 Agriculture)

<u>Minor heads as proposed (broad activities)</u>	<u>Group heads under Minor heads (sub-activities or group of schemes or units)</u>
1. Direction	Directorate
2. Superintendence	Supervisory Units
3. Agricultural Farms and Improved Seeds.	State Commercial Farms Seed Multiplication Farms Experimental and Demonstration Farms Other Agricultural Farms Seed Distribution Seed Stores and Testing.
4. Extension and Training	Agricultural Information Services Demonstrations and Propaganda Exhibitions and Fairs. Crop competitions and other incentive schemes Training. Improved Agricultural Practices Others.
5. Intensive Agricultural Programmes	Intensive Agricultural Area/ District Programmes Intensive Cultivation Schemes High Yielding Varieties Programmes Other Package Programmes and campaigns Subsidiary Food and Applied Nutrition Programmes
6. Manures and Fertilisers	Compost and Local Manure Development Green Manures Chemical Fertilisers Distribution of Soil Ameliorants
7. Agricultural Experiments and Research	Agricultural Research Schemes I.C.A.R. Other Agricultural Research Centres Soil Survey and Testing. Others.
8. Agricultural Education	Agricultural Colleges Agricultural Schools Training.

(1)	(2)
9. Agricultural Engineering	Agricultural Machinery and Implements. Boring Operations. Engineering Workshops. Tractor Hiring. Others.
10. Botanical and other Public Gardens	--
11. Agricultural Marketing	Agricultural Marketing and Research. Grading & Testing. Inspection and Quality Control
	Warehousing. Cold storage.
12. Minor Irrigation	Construction and Deepening of wells. Tube wells and Artesian wells. Installation of pumping sets on wells and rivers. Repairs to wells and tanks. Tank irrigation schemes. Drainage schemes. Subsidy schemes.
13. Plant protection and Quarantine	Plant Protection and Pest control. Aerial Spraying. Others.
14. Land Development	Soil Conservation. Land Reclamation and Development. Tractor Ploughing. Ayacut Development Schemes. Others.
15. Development of Commercial Crops and Horticulture	Jute Mesta Sismal Ramie Sugarcane Cotton Coconuts Oil seeds Tobacco Cashew Cardamon Pepper Arecanut Cocoa Tea Coffee Rubber etc.

(1)	(2)
	Horticulture including Vegetables Potato Root crops
16. Colonisation Schemes	Rehabilitation of Landless labour. Others.
17. Grants to Panchayati Raj Institutions	Direction and Superintendence Agricultural Farms and improved seeds. Extension & Training. Intensive Agricultural Programmes Manures and Fertilisers. Agricultural Education. Agricultural Engineering Agricultural Experiments & Research. Agricultural Marketing Minor Irrigation. Plant Protection and Quarantine Land Development. Development of Commercial Crops and Horticulture. Colonisation schemes. Miscellaneous.
18. Miscellaneous	Agricultural Statistics. Other services.

- Notes: 1. The Group heads indicated in column 2 are illustrative and not exhaustive.
2. Under the proposed scheme of classification, sub-group heads may be opened under the group heads mentioned in column 2 so as to specify the several schemes thereunder. Sub-heads of accounts to serve as units of appropriation such as establishment charges, travel, other charges, grants-in-aid and contributions, scholarships and stipends etc. will come under sub-group heads or the schemes
3. A head entitled 'Deduct: Amount met from Reserve Funds and Deposit Accounts' may be opened as a distinct group-head under each minor head wherever necessary to bring out the net effect of transactions under an activity. This is an existing practice in some States.

APPENDIX II-B

Statement explaining the Existing and Proposed Minor Heads (Department of Agriculture-31Agriculture)

Proposed Minor Heads 1	Existing Minor Heads 2	Remarks 3
1. Direction	1. Direction	To record charges on account of the Directorate of Agriculture.
2. Superintendence	2. Superintendence. 3. Subordinate and Expert Staff.	To record charges on account of all supervisory staff, such as Deputy Directors, Assistant Directors, Superintending Agricultural Officers, District level officers etc. at various levels. The existing head 'Subordinate and Expert Staff' is unnecessary.
3. Agricultural Farms and Improved Seeds.	4. Experimental Farms.	See group heads in Appendix A for the scope of the proposed new head. At present, there is no such head, expenditure on farm activities being booked under other minor heads, including 'Experimental Farms'. The proposed head is more comprehensive and purposeful than the existing one covering all farm activities and seed programmes.
4. Extension and Training	5. Agricultural Demonstration and propaganda including	The nature of activities covered under the proposed head can be known from the group heads in Appendix A. The proposed head covers fully the existing head and is more comprehensive.
5. Intensive Agricultural programmes	-	The group heads in Appendix A explain the scope of this head. At present, these programmes have no definite or appropriate place in budget and accounts.
6. Manures and Fertilisers	-	-do-

1	2	3
7. Agricultural Experiments and Research	8. Agricultural Experiments and Research	Self - explanatory; see appendix A also. A group head has been suggested for the Indian Council of Agricultural Research and its allied Institutes. For Activities and schemes under I.C.A.R. etc. sub-group heads and sub-heads may be opened. A minor head may not be quite in tune with the proposed scheme which is activity-oriented.
8. Agricultural Education.	9. Agricultural Education	No. remarks; see also Appendix A.
9. Agricultural Engineering	8. Agricultural Engineering 9. Boring Operations.	See group heads in Appendix A. Boring operations, in so far as they relate to Agricultural Engineering and the Exploratory Tube Wells Organisation at the Centre, come under the group head of this nomenclature against Agricultural Engineering. Boring for Irrigation done in States falls under Minor Irrigation (minor head.)
10. Botanical and other Public gardens.	10. Botanical and other public gardens.	This does not appropriately fall under Agriculture. It is for consideration whether it may not be deleted from this major head.
11. Agricultural Marketing	11. Indian Council of Agricultural Research. 12. Scheme for the improvement of Agricultural Marketing in India.	Under the proposed scheme, it will come as a group head of the same nomenclature under 'Agricultural Experiments and Research'. See also remarks against item 8 above.
12. Minor Irrigation	-	The proposed head is simple in nomenclature.
13. Plant Protection and quarantine	-	The group heads in Appendix A may be seen. At present, such expenditure is appearing in a disorganised manner. See Appendix A. At present, in the State, Expenditure on this activity appears under other heads, and in the centre, under Subordinate and expert staff.

1	2	3
14. Land Development	-	The various types of expenditure under this head are covered in the group heads in Appendix A. At present they are diffused at other places.
13. Special Rural Uplift schemes		Depending on the nature of schemes, expenditure will be booked against the concerned minor heads by activity. (This minor head is presently operated upon only in U.P. and Tripura).
14. Payments from the fund for the Relief of groundnut cultivators.		This will be a sub-head under 'Development of Commercial crops and horticulture' in the proposed scheme of classification against the relevant group head 'old seeds'. This head is not seen operated upon by Madras and Maharashtra States.
15. Block Grant for Transfer to the Deposit Account of grants for the relief of groundnut cultivators.		-do-
16. Cane Development and Regulation of Sugar Industry.		This is to be deleted in view of the proposed minor head 'Development of Commercial crops and Horticulture' and group heads thereunder. This head also is not operated upon by Madras and Maharashtra States.
15. Development of Commercial Crops and Horticulture	-	New Head; See group heads in Appendix A
16. Colonisation Schemes	17. Colonisation Schemes.	See Appendix A
	18. Transfer to the Agricultural Improvement Fund.	This head is proposed to be deleted; depending on the purpose served, the expenditure on the transfers, if any, will come under the concerned minor heads. This head is inoperative and there is no balance in the Fund.

1	2	3
	19. Expenditure on Agricultural Improvements.	This is rather too general and has no place in the scheme of classification proposed; also it is not being operated upon.
, Grants to Panchayati Raj Institutions.		At present, such expenditure figures under the respective minor heads or under the minor head 'Grants-in-aid, Contributions, etc.' It is considered desirable to have grants to Panchayati Raj Institutions, Plan as well as non-plan, at one place. (This proposed minor head will not, however, appear at all if the proposal /Comptroller of Auditor to open a distinct major head "Grants to Panchayati Raj Institutions" stated to be under the consideration/Min. General of Finance is accepted.)
), Miscellaneous Services.	20. Miscellaneous	The group heads under Appendix A may also be seen. This head is to cover all miscellaneous services that cannot be appropriately fitted into any of the regular minor heads suggested.
	21. Grants-in-aid, Contributions etc.	Under the proposed scheme, normal grants-in-aid to individuals, organisations, etc, will come as sub-heads under the respective minor heads. Grants to Panchayati Raj Institutions will come under item (17) above.
	22. Fisheries	This should get the status of major head.
	23. Other Charges	This is superfluous and has no defined scope.
	24. Charges in England.	This may form a sub-head under the concerned minor head.

-:171:-

APPENDIX III A

DEMAND STRUCTURE UNDER PERFORMANCE
BUDGETING - AN ILLUSTRATION WITH
REFERENCE TO DIRECTORATE OF EXTEN-
SION AND TRAINING AT THE CENTRE
(1966-67)

Demand No: 35

Major Head No. 31 Agriculture

Minor Head: Extension and Training

Group Head: Directorate of Extension and
Training

Sub-group Head: Farm Advisory Services

Sub-Heads: Non-Plan

(i) Establishment Charges

(ii) Travel

(iii) Other Charges

Sub-group Head: Extension Education and
Training

Sub-Heads: Plan

(i) Establishment Charges

(ii) Travel

(iii) Other Charges

(iv) Material and equipment

Non-Plan

(i) Establishment Charges

(ii) Travel

(iii) Other Charges

(iv) International Youth
Exchange programmes

<u>Sub-group Head:</u>	<u>Farm Information & Publicity</u>
<u>Sub-Heads:</u>	<u>Non-Plan</u>
	(i) Establishment charges
	(ii) Travel
	(iii) Other charges
	(iv) Exhibitions
	(v) Production of Agricultural Information, Literature, etc.
	(vi) Production and Distribution of posters, slides, film strips, etc.
	(vii) Staff Training and Orientation.
<u>Sub-group Head:</u>	<u>General Administration</u>
<u>Sub-Heads:</u>	<u>Non-Plan</u>
	(i) Establishment charges
	(ii) Travel
	(iii) Other charges
<u>Sub-group Head:</u>	<u>Crop competitions and other incentive schemes.</u>
<u>Sub-Heads:</u>	<u>Non-Plan</u>
	(i) Crop competitions
	(ii) Others
<u>Minor Head:</u>	<u>Intensive agricultural programmes</u>
<u>Group Head:</u>	<u>Directorate of Extension & Training</u>
<u>Sub-group Head:</u>	<u>Intensive agricultural development programmes.</u>
<u>Sub-Heads:</u>	<u>Plan</u>
	(i) Grants-in-Aid and contributions.

-:173:-

(ii) Material and Equipment

(iii) Other charges

Non-Plan

(i) Establishment charges

(ii) Travel

(iii) Other charges

(iv) Grants-in-Aid and contributions.

(v) Training of staff.

Minor Head: Agricultural Engineering

Group Head: Directorate of Extension & Training.

Sub-Group Head: Agricultural Machinery and Implements

Sub-Heads: Plan

(i) Establishment charges

(ii) Travel

(iii) Other charges

Non-Plan

(i) Establishment charges

(ii) Travel

(iii) Other charges

Notes: (i) Under the proposed scheme, the minor heads correspond to the major programmes of the Departments, Group Heads / to the activities of the organisations and Sub-Heads to the objects of expenditure constituting units of appropriation. Variations below minor heads are, however, envisaged in the case of the States.

/to the organisation.
Sub-Group Heads

(2) In the illustration given above, the Directorate of Extension and Training appears as a Group-Head under more than one Minor Head. This is because of more than one major activity of the Department is executed by the Directorate of Extension & Training.

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Appendix III B

Budget Documents under Performance Budgeting(Centre)

Under the technique of performance budgeting as envisaged in the Report, there will be two main documents, viz., the Performance Budget and the Appropriation Structure (i.e. Demands for Grants), in addition to the Economic Survey, Budget Speech, Budget in brief, Explanatory Memorandum, Economic Classification of the Budget, etc. The following table brings out briefly the nature and extent of changes in the budget documents under performance budgeting as compared to the existing ones.

<u>Existing Documents</u>	<u>Documents under Performance Budgeting</u>
(1)	(2)
1. Economic Survey	Will continue, no change
2. Budget Speech	- do -
3. Budget of the Central Government in brief	This will continue; but, to the extent changes are made in the arrangement and groupings of major heads, corresponding changes will, of course, be made here.
4. Explanatory Memorandum to the Budget.	It is a very useful and important document and will have to continue. But, in as much as performance budget is a comprehensive financial and work plan of Government, <u>Prime-facie</u> some of the information now being given in this document, may, perhaps, be unnecessary. However, this is a matter for detailed study and pending such a study, it may continue as now.
5. Demands for Grants.	Under the new technique, there will be the main budget on performance basis as illustrated in Appendix I. The Demands for grants or the Appropriation structure will be separate. Its structure will, however, undergo some changes. There would be, for example, modifications corresponding to the changes in the major and minor heads of account as also under the primary units of appropriation.
a) Introductory note on each Ministry.	
b) Parts I and II of Demands for Grants.	
c) Notes on Demands for Grants.	
d) Notes on Important Schemes.	

- e) Important new Items of expenditure (non-plan) The structure of accounting presentation and Demand proper is illustrated in Appendix III A.
- f) Schedule I - Plan Expenditure In the performance budget, since details would be given in a comprehensive manner, there will be no need for the items listed in items (C) to (g) in Col. 1.
- g) Schedule II - Details of provision under 'Pay of Officers' and 'Pay of Establishment.
6. Demands for Grants Part III (for Departmental use only) This may continue with such changes in the account heads as are brought about.



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